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District of Columbia
Comprehensive Annual Financial Report
Year Ended September 30, 1985





January 28, 1986

Dear Citizens:

I am pleased to announce that the District has achieved an excess of revenues over expenditures in its General Fund for the fifth consecutive year. Revenues were \$2,633.9 million and expenditures and other uses were \$2,609.0 million resulting in an excess of \$24.9 million. The accumulated deficit has been reduced \$132.9 million during the last five years. For the fourth year in a row, the District was awarded the coveted Certificate of Conformance in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The certificate is awarded only to those jurisdictions whose financial reports comply with rigorous program requirements and standards. Only three other states have received this certificate. I believe this financial report clearly demonstrates my continuing commitment to the careful management of the funds entrusted to this administration.

We have had another interesting and exciting year in which improvements were made in the following areas:

- We utilized our new authority to issue long-term municipal debt to refinance \$277.3 million in market rate debt owed to the U.S. Treasury. The resulting lower interest rates will provide a savings of \$371.1 million in interest over the next 27 years to the District taxpayers.
- The Water and Sewer Enterprise Fund has a positive net income after five years of losses.
- Advances to the Unemployment Compensation Fund from the Federal government have been reduced from \$43.8 million to zero during 1985. This means a savings in interest cost to the General Fund.
- In the area of economic development we have completed the new Reeves Municipal Center (pictured on the cover) in the 14th Street corridor. This building provides needed office space for the District government and, with the coming subway station, serves as an anchor for other development in this area. Other projects pictured in this report were also made possible by our ability to coordinate private and public resources to create more jobs and tax revenues for the District.
- The summer youth program remains one of the most successful in the nation providing over 23,000 meaningful jobs for our young people in 1985.
- Crime index offenses continued their decline for the fifth consecutive year.
- In July 1985, we established a deferred compensation plan under Internal Revenue Code section 457 for our employees. At no cost to the District, employees may participate in a tax-sheltered program to save for retirement.

We have accomplished a great deal during the past year but we still have several remaining challenges:

- Due to our unique relationship with the Federal government we must negotiate a resolution to our inherited unfunded pension liability and accumulated deficit.
- We must obtain a formula for calculating the Federal payment in lieu of taxes. This is particularly critical now with the Gramm Rudman Hollings Act threatening to reduce this payment even though it is clearly different from other Federal appropriations.
- We must continue to broaden our revenue base in order to meet the challenges of an expanding area transit system, overcrowded prisons, reductions in Federal grants, and an expanding mental health system.

We are in the midst of a program to expand our local economic base and strengthen the present job base by attracting new businesses and associations to the city. As we continue to achieve our goals, we can all share in the excitement about our city and its future.

Sincerely,

Marion Barry, Jr.
Mayor

District of Columbia
Comprehensive Annual Financial Report
Year Ended September 30, 1985



Alphonse G. Hill, CPA
Deputy Mayor for Finance
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Washington, D.C. 20004

Prepared by:

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Introductory Section

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INTERSECTION

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■ This section contains the table of contents, letter of transmittal, organization chart, list of principal officials and Certificate of Conformance in Financial Reporting.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 1985

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DISTRICT OF COLUMBIA
OFFICE OF THE DEPUTY MAYOR FOR FINANCE

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 WASHINGTON, DC 20004

Alphonse G Hill, CPA
 Deputy Mayor for Finance
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January 27, 1986

The Honorable Marion S. Barry, Jr.,
 Mayor of the District of Columbia:

The Comprehensive Annual Financial Report of the District of Columbia, for the fiscal year ended September 30, 1985, is submitted herewith. This report was prepared by the Office of the D.C. Controller. Responsibility for both the accuracy of the financial data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data are accurate in all material respects, are presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds, and include all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs. Note 1 in the financial section of this report presents a summary of the significant accounting policies that have been adopted by the District for preparing its financial statements.

The Reporting Entity and Services Provided

This Comprehensive Annual Financial Report covers all funds and account groups of the District government including appropriate combined, combining and individual fund statements, notes to the financial statements, schedules, narrative explanations and statistical tables. Where it enhances communication and understanding of the financial statements, similar funds are aggregated on a functional basis within a fund type.

This report covers all governmental units, public enterprises and "independent agencies" over which the District's elected officials exercise oversight responsibility as defined by generally accepted accounting principles, including the public schools which are managed by a Board of Education whose eleven members are elected at large and by ward. The criteria used in determining the scope of the entity for financial reporting purposes are:

- (1) Manifestations of oversight.
 - (a) Financial interdependency.
 - (b) Selection of governing authority.
 - (c) Designation of management.
 - (d) Ability to significantly influence operations.
 - (e) Accountability for fiscal matters.
- (2) Scope of public service.
- (3) Special financing relationships.

Established within the District is the National Capital Service Area ("Federal Enclave") which includes the principal monuments, Capitol, Supreme Court, Library of Congress, White House, and the Federal executive, legislative and judicial office buildings located adjacent to the Mall. A National Capital Service Director is appointed by the President to assure that the District provides adequate fire protection and sanitation services to the Federal Enclave.

The Washington Metropolitan Area Transit Authority is a joint venture of Maryland, Virginia and the District, and is a separate reporting entity. The District's investment in the joint venture is included in the financial statements in this report. Note 4 in the financial section of this report presents information about the Transit Authority.

The District provides the full range of state, county and city services. This includes public safety (police, fire, corrections and courts), public works (transportation, sanitation and construction), social services (health, welfare and recreation), economic development (planning, housing, employment and regulation), education (schools and libraries) and general administrative services. In addition, the District operates a water and sewer utility service, a general hospital, a stadium and armory complex ("Starplex"), a convention center, a lottery and a university.

Accounting System

The District's accounting system is organized and operated on a fund basis. A fund is a group of functions combined into a separate accounting entity (corresponding to a corporation in the private sector) having its own assets, liabilities, equity, revenues and expenditures/expenses. The types of funds used are determined by generally accepted accounting principles and the number of funds established within each type is determined by sound financial administration. Specialized accounting and reporting principles and practices apply to governmental and expendable trust funds. Proprietary and pension trust funds are accounted for in the same manner as similar business enterprises or nonbusiness organizations.

Internal Control

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

Budgetary control is maintained at the object class and control center level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of object class and control center balances are not released until additional appropriations are made available or the overrun is approved by an authorized person. However, expenditures may not legally exceed appropriations at the functional level of classification. All appropriations and encumbrances lapse at the end of each fiscal year except for capital projects.

The District's appropriated budget is enacted on a basis different from financial reporting under generally accepted accounting principles. The principal difference is the exclusion of grant, gift and interfund revenues and related expenditures from the appropriated budget.

General Fund

Governmental funds consist of the General Fund and the Capital Projects Fund. Operations are reported to show an *excess* or *deficiency* on a "financial flow" basis. Capital outlays, debt proceeds and principal payments are included on their operating statements. Depreciation is not charged against operations. Interest incurred during construction is not capitalized.

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund operations are summarized below (\$ millions).

	1985	1984	Increase
Revenues	\$2,633.9	2,403.0	230.9
Expenditures and uses	2,609.0	2,385.5	223.5
Excess	\$ 24.9	17.5	7.4

The General Fund changes in cash and investments are summarized below (\$ millions).

	1985	1984	Increase
Originations	\$2,988.9	2,520.2	468.7
Applications	2,942.0	2,487.1	454.9
Increase	\$ 46.9	33.1	13.8

The General Fund had an unreserved fund deficit of \$248.9 million at September 30, 1985 represented by current liabilities of \$608.4 million less current assets of \$359.5 million. The unreserved fund deficit reported in the first complete audit for 1980 was \$396.9 million.

The amount of revenues by source class and the changes from last year are shown in the following tabulation (\$ millions).

Source Class	1985 Amount	Percent of Total	Percent Increase (Decrease) from 1984
Property taxes	\$ 455.1	17.3%	14.5%
Sales and use taxes	402.7	15.3	10.2
Income and franchise taxes	524.6	19.9	9.2
Gross receipts taxes	91.5	3.5	(7.1)
Other taxes	62.1	2.4	9.2
Total taxes	1,536.0	58.4	9.8
Licenses and permits	31.4	1.2	3.8
Fines and forfeits	29.2	1.1	24.8
Charges for services	97.6	3.7	(15.6)
Miscellaneous	30.0	1.1	40.1
Total District sources	1,724.2	65.5	8.5
Payment in lieu of taxes	471.4	17.9	13.0
Revenue sharing entitlements	17.5	0.6	(2.3)
Operating grants	420.8	16.0	11.2
Total Federal sources	909.7	34.5	11.8
Total revenues	\$2,633.9	100.0%	9.6%

The amount of tax revenues by source and the variances from budget and last year are shown in the following tabulation (\$ millions).

Source	1985 Actual	Variance - Favorable (Unfavorable)	
		From Budget	From 1984
Property taxes:			
Real	\$ 407.3	7.1	47.9
Personal	43.5	1.9	7.3
Public space rental	4.3	1.4	2.5
Total	455.1	10.4	57.7
Sales and use taxes:			
General	331.7	(1.7)	34.7
Alcoholic beverages	7.2	—	—
Cigarette	9.5	0.1	(0.2)
Hotel occupancy	5.9	1.3	1.3
Motor fuel	25.3	(0.8)	—
Motor vehicle	23.1	0.1	1.3
Total	402.7	(1.0)	37.1
Income and franchise taxes:			
Individual income	417.5	2.8	30.8
Corporation franchise	82.2	(9.1)	7.3
Unincorporated business	24.9	0.7	6.0
Total	524.6	(5.6)	44.1
Gross receipts:			
Public utility	75.7	(2.0)	(0.5)
Insurance companies	21.1	1.1	3.0
Financial institutions	(5.3)	(6.4)	(9.5)
Total	91.5	(7.3)	(7.0)
Other taxes:			
Inheritance and estate	24.4	2.9	6.5
Recordation	21.2	(2.8)	(0.5)
Transfer	16.5	(2.4)	(0.8)
Total	62.1	(2.3)	5.2
Total taxes	\$1,536.0	(5.8)	137.1

The real property tax levy of \$392.6 million in 1985 represents an increase of 13.2% over 1984. The assessed value of taxable real property of \$23.4 billion in 1985 represents an increase of 13.1% over 1984. Collections of current real property taxes were 97.7% of the levy in 1985 as compared to 98.3% in 1984. Delinquent real property taxes outstanding were 3.8% of the levy in 1985 and 3.7% in 1984.

The percent of taxpayers with an annual income below \$10,000 decreased 1.7% between 1983 and 1984, from 30.7% to 29.0% of the total number of taxpayers. The percent of taxpayers with an annual income over \$25,000 increased 2.1% during the same period, from 22.8% to 24.9%.

Hotel and other commercial real property tax rates established in 1980 were reduced by 14.6% and 4.7%, respectively, in 1985. The corporation franchise and unincorporated business tax rates were increased to 10.5% of taxable income from the 9.9% rates established in 1976. All other major tax rates have remained the same since 1980 except for motor fuel which increased 40.9%.

The amount of expenditures and uses by function and the changes from last year are shown in the following tabulation (\$ millions).

<u>Function</u>	<u>1985 Amount</u>	<u>Percent of Total</u>	<u>Percent Increase (Decrease) from 1984</u>
Current expenditures:			
Governmental direction and support	\$ 120.4	4.6%	9.3%
Economic development and regulation	198.2	7.6	27.1
Public safety and justice	685.1	26.2	10.5
Public education system	490.6	18.8	4.4
Human support services	776.3	29.7	3.0
Public works	231.5	8.9	5.4
Future employee benefits	(157.0)	(6.0)	(23.2)
Total	2,345.1	89.8	10.4
Debt service:			
Principal	273.1	10.5	880.6
Interest and fiscal charges	156.3	6.0	14.7
Other financing uses (sources):			
Proceeds of refunding bonds	(258.9)	(9.9)	—
Operating transfers out	93.4	3.6	(3.5)
Total expenditures and uses	<u>\$2,609.0</u>	<u>100.0%</u>	<u>14.0%</u>

The amount of current expenditures by object class and the changes from last year are shown in the following tabulation (\$ millions).

<u>Object Class</u>	<u>1985 Amount</u>	<u>Percent of Total</u>	<u>Percent Increase (Decrease) from 1984</u>
Salaries and wages	\$1,064.4	45.4%	15.5%
Total employee benefits	237.5	10.1	(46.3)
Future employee benefits	(157.0)	(6.7)	(23.2)
Contractual services	168.8	7.2	51.5
Supplies	58.2	2.5	13.0
Occupancy	105.6	4.5	5.5
Public assistance	407.0	17.4	7.9
Other	460.6	19.6	41.4
Total current expenditures	<u>\$2,345.1</u>	<u>100.0%</u>	<u>10.4%</u>

Capital Projects Fund

During 1985, grants, loans and transfers totaled \$216.3 million and capital outlays were \$186.9 million which resulted in an excess of \$29.4 million. The capital outlays consisted of \$179.5 million for general fixed assets and \$7.4 million for proprietary fixed assets. The Capital Projects Fund had a reserved fund balance at the end of the year of \$84.2 million.

Proceeds of general obligation bonds issued for capital projects are credited as "other financing sources" in the Capital Projects Fund. Completed projects and construction in progress at year end are recorded in the General Fixed Assets Account Group or in the proprietary fund to which they apply. Note 5 in the financial section of this report presents information about the fixed assets of the District.

Enterprise Funds

Enterprise Funds are used to account for component units engaged primarily or solely in selling goods or services to the general public on a continuing basis. Operations are reported to show a *net income* or *net loss* on a "cost of services" basis. Capital outlays, debt proceeds and principal payments are not included on their operating statements. The cost (including interest incurred during construction) of fixed assets acquired is capitalized and recovered through depreciation charged against operations over the life of the assets. Depreciation on fixed assets acquired by capital grants or by the University is closed to Contributed Capital and not to Retained Earnings.

The District operates six Enterprise Funds as summarized below (\$ millions).

Fund	Operating Revenues	Income (Loss) Before Transfers		Operating Transfers In (Out)	
	1985	1985	1984	1985	1984
Water and Sewer	\$144.5	1.8	(6.2)	—	—
General Hospital	51.1	(43.7)	(42.8)	45.5	43.1
Starplex	5.1	0.3	0.4	—	—
Convention Center	4.9	(7.6)	(7.5)	5.7	7.0
Lottery and Games	48.0	35.5	25.5	(35.5)	(25.3)
University	6.2	(70.7)	(66.4)	65.0	60.8
Total	<u>\$259.8</u>	<u>(84.4)</u>	<u>(97.0)</u>	<u>80.7</u>	<u>85.6</u>

The Water and Sewer Fund supplies potable water from the Potomac River and operates a sewerage system. District waste treatment facilities process sewage for local jurisdictions in suburban Maryland and northern Virginia. The Fund had net income of \$1.8 million in 1985 after five years of losses. User charges recovered 110.5% of cost (excluding depreciation) in 1985 and 102.2% in 1984. A 30% rate increase became effective in 1985 and further 25%, 15% and 10% increases are scheduled for 1986, 1987 and 1988, respectively.

The General Hospital Fund operates the 400-bed District of Columbia General Hospital and is a major provider of health services to indigent patients. The Hospital recovered 55.6% of its cost (excluding depreciation) through user charges in 1985 and 54.3% in 1984.

The Starplex Fund operates the Robert F. Kennedy Memorial Stadium and the National Guard Armory. User charges recovered 126.6% of cost (excluding depreciation) in 1985 and 126.2% in 1984.

The Washington Convention Center is located midway between the Capitol and the White House and has 378,000 square feet of exhibit and meeting space on two levels. The Convention Center Fund recovered 48.3% of its cost (excluding depreciation) through user charges in 1985 and 41.9% in 1984.

The lottery is accounted for in the Lottery and Games Fund. The lottery had pretransfer income of \$35.5 million in 1985 as compared to \$25.5 million in 1984 or, 31.7% and 29.8% on gross revenues, respectively.

The University Fund includes all activities of the University of the District of Columbia which is a "land grant" institution that operates at three campuses—Van Ness Center, Mt. Vernon Square and Harvard Street. The University provides low cost, higher education courses leading to certificate, bachelor and advanced degrees in arts, sciences, teacher education and special career education. The University recovered 7.4% of its cost (excluding depreciation) through user charges in 1985 and 7.1% in 1984.

At September 30, 1985, the Enterprise Funds had combined fund equities of \$529.5 million segregated into capital contributions from the Federal and District governments of \$560.9 million and unrecovered retained deficits of \$31.4 million. The combined net loss of \$3.7 million in 1985 was 1.4% of operating revenues and 0.7% of fund equity.

Trust Funds

Trust Funds are used to account for property to which the District has legal title in order to administer it for the benefit of others. Expendable Trust Funds are those whose principal may be expended and are reported on a "financial flow" basis. Pension Trust Funds must preserve their principal intact and are reported on a "cost of services" basis.

The District operates three Trust Funds as summarized below (\$ millions).

Fund	Operating Revenues	Income (Loss) Before Transfers		Operating Transfers In (Out)	
	1985	1985	1984	1985	1984
Unemployment Compensation . . .	\$104.6	34.4	41.5	—	—
Housing Finance	19.5	(0.7)	(0.5)	0.8	1.2
Pension	309.4	141.5	75.5	(2.2)	(1.8)
Total	<u>\$433.5</u>	<u>175.2</u>	<u>116.5</u>	<u>(1.4)</u>	<u>(0.6)</u>

The Unemployment Compensation Fund pays benefits to unemployed former employees of the District and Federal governments and private employers doing business in the District. At September 30, 1985, the Fund did not have any advances payable to the Federal government and had a reserved fund balance of \$47.5 million. Advances are not general obligations of the District and are payable solely from unemployment contributions. The interest on advances is paid from the General Fund.

The Housing Finance Fund issues bonds and uses the proceeds to finance residential mortgage, construction and rehabilitation loans. The bonds are not general obligations of the District and are payable solely from defined revenues and assets of the Fund. At September 30, 1985, the Fund had loans receivable of \$96.6 million, loans payable of \$210.3 million and an unreserved fund deficit of \$4.0 million.

The Pension Trust Funds pay benefits to retired judges, police officers, fire fighters and public school teachers under the District Retirement Program which is a contributory, defined benefits, single employer plan administered by the District. Other employees are covered by the Civil Service or Social Security systems administered by the Federal government.

The District Retirement Program was started in 1916 and operated by the Federal government on an unfunded basis. At the beginning of Home Rule in 1975, the unfunded actuarial liability of the program was \$1.9 billion. In 1979, Congress enacted the Retirement Reform Act which authorized 25 annual Federal contributions of \$52.1 million from 1980 through 2004. The present value of these contributions in 1975 was \$486.8 million or 25.6% of the unfunded actuarial liability at that date.

The District's annual contribution to the Pension Trust Funds mandated by the Retirement Reform Act is primarily on a pay-as-you-go basis through 2004. At September 30, 1985, accrued pension costs (normal cost plus interest less contributions) since 1975 were \$1.7 billion or \$2,688 per capita and the unfunded actuarial liability was \$3.2 billion or \$5,097 per capita. Accrued pension costs are recorded as a general long term liability.

The Pension Trust Funds' assets are 27.3% of the present value of accumulated benefits. The unfunded actuarial liability is 878.1% of the annual covered payroll. This is based upon the following economic assumptions: rate of return on investments of 7% a year, inflation increases of 5% a year, salary scale increases of 5% a year, and merit increases of up to 4% a year.

It is estimated that the unfunded actuarial liability at September 30, 2004 will be \$9.3 billion. In 2005, the District's annual contribution to the Pension Trust Funds will increase to normal cost plus interest. It is projected that the contribution in 2005 will be \$794.6 million, the payroll will be \$803.5 million, and the General Fund revenues will be \$7 billion. The contribution will increase from 44.1% of payroll in 1985 to 98.9% in 2005 and from 6.1% of revenues to 11.4%.

Debt Administration

The following tabulation presents the total general obligation debt of the District at September 30, 1985 and 1984 (\$ millions). There is no revenue, special assessment or overlapping debt.

<u>Fund Type or Account Group</u>	<u>1985</u>	<u>1984</u>
Enterprise notes	\$ 222.7	261.2
General notes	1,373.5	1,646.7
Enterprise bonds	55.5	—
General bonds	407.8	—
Total	<u>\$2,059.5</u>	<u>1,907.9</u>

The percent of debt to assessed value (which equals estimated actual value) and the amount of debt per capita are useful indicators of the District's debt position. These data for the District at the end of 1985 and 1984 were as follows.

<u>Indicator</u>	<u>1985</u>	<u>1984</u>
Debt to assessed value	8.8%	9.2%
Debt per capita	\$3,290	3,062

Through 1984, the District issued general obligation notes for authorized capital projects to the Treasury of the United States. The rate of interest on the notes reflected the cost of money to the Treasury for borrowing at a maturity approximately equal to the period of time the loan was to be outstanding. There were no fiscal charges.

During 1985, the District issued \$290 million of general obligation bonds to the general public to refund general obligation notes in the amount of \$277 million. The interest rates on the refunding bonds are from 5.60% to 10.25%. The rates on the refunded notes were from 12.38% to 14.75%.

The District also issued \$173 million of twenty-year general obligation serial and term bonds for capital projects with interest rates from 8.00% to 9.75%.

The long term general obligation debt issued during the year did not exceed the legal debt limitation contained in the Charter. Note 6 in the financial section of this report presents more detailed information about the debt position of the District.

The District has issued industrial development bonds which do not constitute an indebtedness of the District and are not a charge against its general credit or taxing powers. The principal and interest are payable solely from revenues of the respective industries to which these bond proceeds were remitted. The amount of bonds outstanding at year end is not reported in the accompanying financial statements.

The District issued general obligation tax revenue anticipation notes in the amount of \$150 million dated October 15, 1984 and due on September 30, 1985 with interest at 6.74% priced to yield 6.25%. The principal and interest were paid on the maturity date.

Cash Management

Cash from all funds is combined unless prohibited by law. Any cash that is not needed for immediate disbursement is used to purchase securities in which the District is permitted to invest. The District earned \$23.6 million on its average cash and investments in 1985 and \$13.0 million in 1984, rates of return of 12.1% and 9.0%, respectively, exclusive of fiduciary funds.

Summary Reports

The Summary of Changes in Cash and Investments (Exhibit S-15) of governmental and expendable trust funds corresponds to the Combined Statement of Changes in Financial Position (Exhibit 5) of proprietary and pension trust funds. The Summary of Financial Activity (Exhibit S-16) of governmental, expendable trust and proprietary funds is a one-page report combining operating performance on a cost of services basis with financial performance. It provides information that can be helpful to users in making economic decisions.

Component Unit Financial Statements

Financial statements are issued by the Public Schools, Water and Sewer, General Hospital, Convention Center, Lottery and Games, University, Unemployment Compensation, Housing Finance and Pension component units of the District. Copies of these statements may be obtained by writing to the respective organization units.

Independent Audit

District law (D.C. Code 47-119) requires an annual audit of the financial operations of the District government by an independent certified public accountant. The audit must be conducted in accordance with generally accepted auditing standards and the financial statements must be prepared in conformity with generally accepted accounting principles. This requirement has been complied with and the auditor's opinion has been included in this report.

Certificate of Conformance

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Conformance in Financial Reporting to the District of Columbia for its Comprehensive Annual Financial Report for the year ended September 30, 1984. In order to be awarded a Certificate of Conformance, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Conformance is valid for a period of one year only. We believe that our current report continues to conform to Certificate of Conformance Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

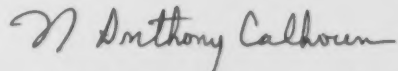
Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Controller's Office. We would like to express our appreciation to all members of the staff who assisted and contributed to its preparation. We would also like to thank the Mayor and members of the Council for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,

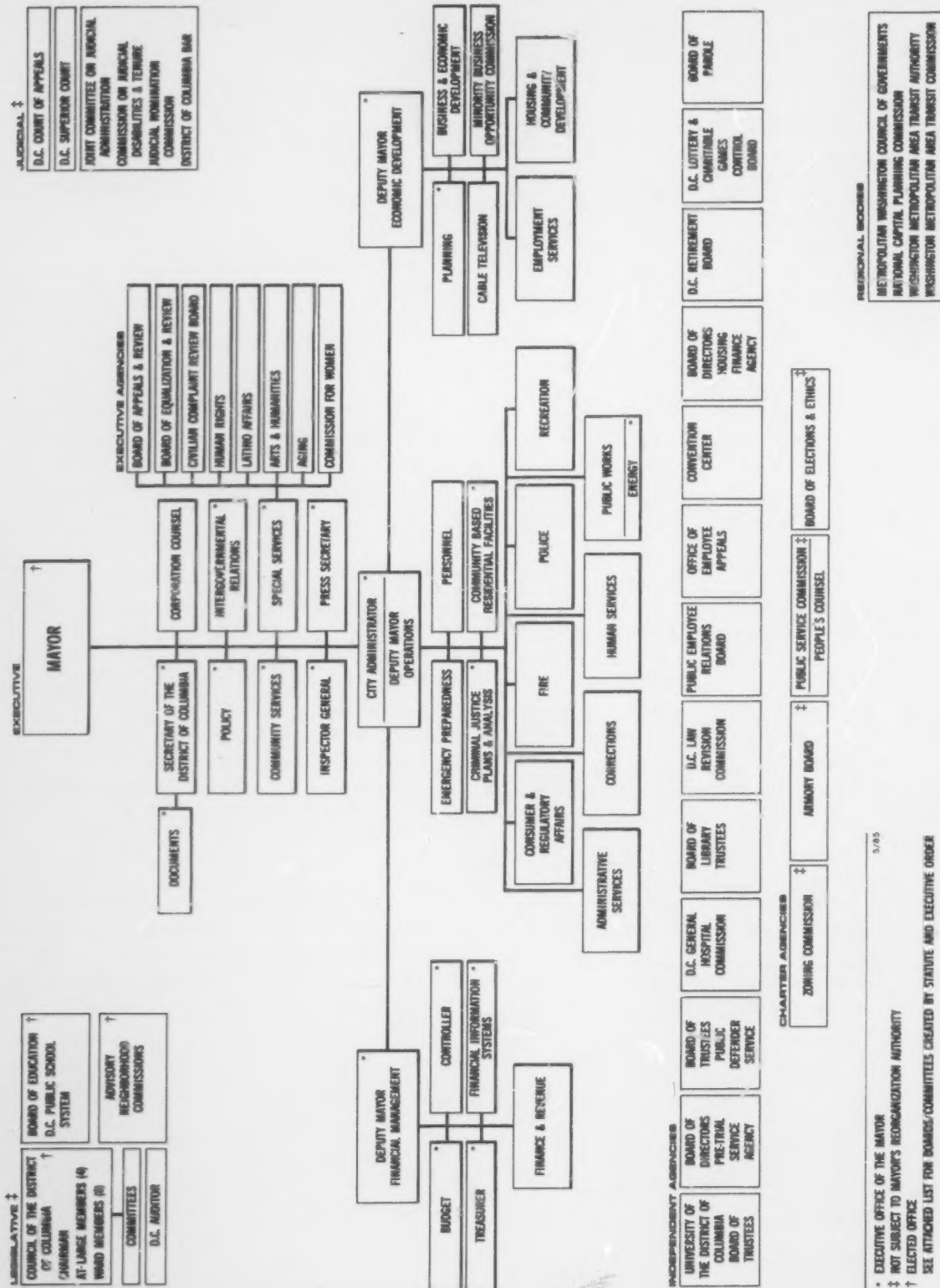


Alphonse G Hill, CPA
Deputy Mayor for Finance



N. Anthony Calhoun
D.C. Controller

ORGANIZATION CHART



EXECUTIVE OFFICE OF THE MAYOR

NOT SUBJECT TO MAYOR'S REORGANIZATION AUTHORITY

ELECTED OFFICE

SEE ATTACHED LIST FOR BOARDS/COMMITTEES CREATED BY STATUTE AND EXECUTIVE ORDER

5/85

PRINCIPAL OFFICIALS

January 2, 1986

Name	Position	Term Expires
Chief Executive Officer		
Marion S. Barry, Jr.	Mayor	1987
Executive Officers		
Thomas M. Downs	City Administrator/Deputy Mayor for Operations	
Alphonse G Hill	Deputy Mayor for Finance	
Curtis R. McClinton, Jr.	Deputy Mayor for Economic Development	
John H. Suda	Corporation Counsel (acting)	
Clifton B. Smith	Secretary of the District of Columbia	
N. Anthony Calhoun	Controller	
Malvin W. Jones	Finance and Revenue Director	
Alphonse G Hill	Budget Director (acting)	
Vernon S. Gill	Inspector General	
Council		
David A. Clarke	Chairman	1987
Betty Ann Kane	At Large	1987
Hilda H. Mason	At Large	1987
John L. Ray	At Large	1989
Carol Schwartz	At Large	1989
Frank Smith, Jr.	Ward 1	1987
John A. Wilson	Ward 2	1989
Polly Shackleton	Ward 3	1987
Charlene Drew Jarvis	Ward 4	1989
William R. Spaulding	Ward 5	1987
Nadine P. Winter	Ward 6	1987
H. R. Crawford	Ward 7	1989
Wilhelmina J. Rolark	Ward 8	1989
Chief Judges		
William C. Pryor	Court of Appeals	1988
H. Carl Moultrie, I	Superior Court	1986
House of Representatives		
Walter E. Fauntroy	Delegate	1987

Certificate of Conformance in Financial Reporting

Presented to
District of Columbia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1984

A Certificate of Conformance in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.



John T. Walsh
President

Jeffrey L. Esler
Executive Director

Financial Section

RHODE
ISLAND
AVENUE
SHOPPING
CENTER

Zayre
SAFEWAY
PEOPLES
DRUG

Zayre

Washington, D.C.

- This section contains two subsections: General Purpose Financial Statements and Combining and Individual Fund Statements and Schedules.



University of the District of Columbia
Van Ness campus



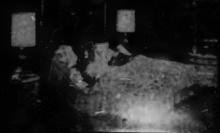


General Purpose Financial Statements



George Washington University Academic Center

- These basic financial statements provide a summary overview of the financial position of all fund types and account groups and of the operating results of all fund types.



BERT W.

SMITH, JR., & CO.

Coopers
& Lybrand

Hill, Taylor & Co.

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

To the Mayor and Members of the
Council of the District of Columbia:

We have examined the general purpose financial statements of the District of Columbia as of and for the year ended September 30, 1985, as listed in the table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements referred to above present fairly the financial position of the District of Columbia at September 30, 1985, and the results of its operations and the changes in financial position of its proprietary fund types and pension trust funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as the combining and individual fund statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the District of Columbia. The information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

1800 M Street, NW
Washington, DC 20036
January 24, 1986

Bert W. Smith Jr. & Co

Hill Taylor & Co

Coopers & Lybrand

Exhibit 1

ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET

September 30, 1985
(\$000s)

	Governmental Fund Types		Proprietary Fund Types	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Capital Projects	Enterprise (Note 8)	Trust and Agency (Note 9)	General Fixed Assets	General Long Term Liabilities	1985	1984
ASSETS								
Current Assets:								
Cash and investments	\$ 93,688	91,867	55,035	—	—	—	241,190	148,936
Receivables (net of allowances for uncollectibles)	118,755	—	64,237	—	—	—	182,992	170,059
Due from Federal government (note 2)	88,473	14,937	7,721	—	—	—	111,131	121,976
Due from other funds (note 3)	42,308	—	—	—	—	—	42,308	38,000
Inventory	15,189	—	7,337	—	—	—	22,526	21,335
Other current assets	1,065	—	3,790	—	—	—	4,855	7,046
Total current assets	359,478	106,804	138,720	—	—	—	605,002	507,352
Long Term Assets:								
Due from other governments	—	—	18,557	—	—	—	18,557	19,977
Advance to other funds (note 3)	4,002	—	—	—	—	—	4,002	3,154
Deferred charges	—	—	1,390	—	—	—	1,390	—
Total long term assets	4,002	—	19,947	—	—	—	23,949	23,131
Fixed Assets (Note 5):								
Property and equipment	—	—	1,041,144	—	2,918,671	—	3,959,815	3,718,287
Less - accumulated depreciation	—	—	241,849	—	1,021,900	—	1,263,749	1,174,823
Net fixed assets	—	—	799,295	—	1,896,771	—	2,696,066	2,543,464
Restricted Assets:								
Cash and investments	—	—	—	835,580	—	—	835,580	612,257
Due from Federal government (note 2)	—	—	—	575,917	—	—	575,917	614,529
Due from other funds (note 3)	—	—	—	14,649	—	—	14,649	14,190
Due from others (net of allowances for uncollectibles)	—	—	—	129,865	—	—	129,865	56,866
Total restricted assets	—	—	—	1,556,011	—	—	1,556,011	1,297,842
Resources to be provided in future years	—	—	—	—	—	3,594,250	3,594,250	3,298,751
Total assets	\$363,480	106,804	957,962	1,556,011	1,896,771	3,594,250	8,475,278	7,670,540

The accompanying notes are an integral part of this statement.

	Governmental Fund Types		Proprietary Fund Types	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Capital Projects	Enterprise (Note 8)	Trust and Agency (Note 9)	General Fixed Assets	General Long Term Liabilities	1985	1984
LIABILITIES AND FUND EQUITY								
Current Liabilities:								
Accounts payable	\$131,641	12,875	42,100	—	—	—	186,616	161,210
Compensation liabilities	90,906	—	18,694	—	—	—	109,600	92,205
Due to Federal government (note 2)	112,645	—	31,605	—	—	—	144,250	173,587
Due to other funds (note 3)	14,649	—	42,308	—	—	—	56,957	52,190
Accrued liabilities	100,773	—	2,009	—	—	—	102,782	97,336
Deferred revenues	145,296	9,762	5,110	—	—	—	160,168	153,060
Current maturities	—	—	1,455	—	—	—	1,455	—
Other current liabilities	12,504	—	5,229	—	—	—	17,733	12,681
Total current liabilities	608,414	22,637	148,510	—	—	—	779,561	742,269
Long Term Liabilities:								
Due to Federal government (note 2)	—	—	216,183	—	—	1,373,515	1,589,698	1,901,502
Advance from other funds (note 3)	—	—	—	4,002	—	—	4,002	3,154
General obligation bonds payable (note 6) ..	—	—	54,425	—	—	407,750	462,175	—
Other long term liabilities (note 6)	—	—	9,296	—	—	1,812,985	1,822,281	1,652,390
Total long term liabilities	—	—	279,904	4,002	—	3,594,250	3,878,156	3,557,046
Liabilities Payable from Restricted Assets:								
Due to Federal government (note 2)	—	—	—	—	—	—	—	43,810
Due to others	—	—	—	304,521	—	—	304,521	177,096
Total restricted liabilities	—	—	—	304,521	—	—	304,521	220,906
Total liabilities	608,414	22,637	428,414	308,523	—	3,594,250	4,962,238	4,520,221
Commitments and Contingent Liabilities (Notes 11 and 12)								
Fund Equity:								
Contributed capital (note 5)	—	—	560,951	—	—	—	560,951	461,080
Investment in general fixed assets (note 5)	—	—	—	—	1,896,771	—	1,896,771	1,864,756
Retained earnings (deficit) since October 1, 1978	—	—	(31,403)	—	—	—	(31,403)	(34,239)
Fund balances:								
Reserved for:								
Long term assets	4,002	—	—	—	—	—	4,002	3,154
Encumbrances	—	84,167	—	—	—	—	84,167	54,800
Net restricted assets	—	—	—	1,251,490	—	—	1,251,490	1,076,936
Unreserved (deficit)	(248,934)	—	—	(4,002)	—	—	(252,938)	(276,168)
Total retained earnings/fund balances (deficit) (note 7)	(244,934)	84,167	(31,403)	1,247,488	—	—	1,055,318	824,483
Total fund equity (deficit)	(244,934)	84,167	529,548	1,247,488	1,896,771	—	3,513,040	3,150,319
Total liabilities and fund equity	\$363,480	106,804	957,962	1,556,011	1,896,771	3,594,250	8,475,278	7,670,540

Exhibit 2

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCESYear Ended September 30, 1985
(\$000s)

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Capital Projects	Expendable Trust	1985	1984
Revenues:					
Taxes	\$1,536,027	—	—	1,536,027	1,398,812
Licenses and permits	31,460	—	—	31,460	30,338
Fines and forfeits	29,214	—	—	29,214	23,343
Charges for services	97,576	—	—	97,576	115,556
Benefit contributions	—	—	104,631	104,631	127,948
Miscellaneous	29,976	—	19,465	49,441	30,370
Intergovernmental (note 10)	909,893	53,352	—	963,045	859,767
Total revenues	<u>2,633,946</u>	<u>53,352</u>	<u>124,096</u>	<u>2,811,394</u>	<u>2,586,134</u>
Expenditures:					
Current:					
Governmental direction and support	120,473	—	—	120,473	110,220
Economic development and regulation	198,209	—	20,223	218,432	165,420
Public safety and justice	685,091	—	—	685,091	620,122
Public education system	490,561	—	—	490,561	469,719
Human support services	776,318	—	70,248	846,566	839,991
Public works	231,503	—	—	231,503	219,658
Add (less) - employee benefits recorded as other long term liabilities	(156,987)	—	—	(156,987)	(204,517)
Capital outlays	—	186,884	—	186,884	151,755
Debt service:					
Principal	273,118	—	—	273,118	27,852
Interest and fiscal charges	156,260	—	—	156,260	136,252
Total expenditures	<u>2,774,546</u>	<u>186,884</u>	<u>90,471</u>	<u>3,051,901</u>	<u>2,536,472</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(140,600)</u>	<u>(133,532)</u>	<u>33,625</u>	<u>(240,507)</u>	<u>49,662</u>
Other Financing Sources (Uses):					
Proceeds of general obligation bonds	258,933	148,817	—	407,750	85,000
Operating transfers in (out)	(93,407)	14,082	835	(78,490)	(83,847)
Total other financing sources (uses)	<u>165,526</u>	<u>162,899</u>	<u>835</u>	<u>329,260</u>	<u>1,153</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>24,926</u>	<u>29,367</u>	<u>34,460</u>	<u>88,753</u>	<u>50,815</u>
Fund Balances (Deficit) at Beginning of Year	<u>(269,860)</u>	<u>54,800</u>	<u>13,427</u>	<u>(201,633)</u>	<u>(252,448)</u>
Fund Balances (Deficit) at End of Year	<u>\$ (244,934)</u>	<u>84,167</u>	<u>47,887</u>	<u>(112,880)</u>	<u>(201,633)</u>

The accompanying notes are an integral part of this statement.

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND RECONCILIATION
OF BUDGETARY BASIS WITH GAAP BASISYear Ended September 30, 1985
(\$000s)

	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:			
Taxes	\$1,541,790	1,536,027	(5,763)
Licenses and permits	30,562	31,460	898
Fines and forfeits	24,431	29,214	4,783
Charges for services	27,789	33,690	5,901
Miscellaneous	20,545	22,664	2,119
Intergovernmental	489,049	488,878	(171)
Total revenues	<u>2,134,166</u>	<u>2,141,933</u>	<u>7,767</u>
Expenditures:			
Current:			
Governmental direction and support	99,042	96,504	2,538
Economic development and regulation	80,284	78,011	2,273
Public safety and justice	527,520	526,247	1,273
Public education system	425,629	425,446	183
Human support services	520,148	519,432	716
Public works	188,502	191,837	(3,335)
Unallocated addition (rescission)	(3,576)	—	(3,576)
Debt service:			
Principal	31,962	31,962	—
Interest and fiscal charges	140,565	157,128	(16,563)
Total expenditures	<u>2,010,076</u>	<u>2,026,567</u>	<u>(16,491)</u>
EXCESS OF REVENUES OVER EXPENDITURES ...	124,090	115,366	(8,724)
Other Financing Sources (Uses):			
Operating transfers in (out)	<u>(100,490)</u>	<u>(96,467)</u>	<u>4,023</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES (BUDGETARY BASIS)	<u>\$ 23,600</u>	18,899	<u>(4,701)</u>
Reconciliation of Budgetary—GAAP Reporting:			
1. To record excess (deficiency) of revenues (\$744,529) over (under) expenditures (\$754,056) for nonappropriated budget		(9,527)	
2. To adjust expenditures for decrease (increase) in accruals		13,710	
3. To adjust expenditures for increase (decrease) in inventory		1,844	
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES (GAAP BASIS)		<u>\$ 24,926</u>	

The accompanying notes are an integral part of this statement.

Exhibit 4

ALL PROPRIETARY FUND TYPES AND PENSION TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCES

Year Ended September 30, 1985
(\$000s)

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise (Note 8)	Pension Trust	1985	1984
Operating Revenues:				
Charges for services	\$259,765	—	259,765	216,329
Benefit contributions	—	189,732	189,732	198,535
Miscellaneous	—	119,673	119,673	38,103
Total operating revenues	259,765	309,405	569,170	452,967
Operating Expenses:				
Personal services	166,625	—	166,625	157,367
Contractual services	63,630	—	63,630	69,369
Supplies	27,910	—	27,910	26,717
Occupancy	30,045	—	30,045	27,228
Depreciation	22,205	—	22,205	18,543
Benefit payments	—	167,946	167,946	161,153
Miscellaneous	25,582	—	25,582	10,709
Total operating expenses	335,997	167,946	503,943	471,086
OPERATING INCOME (LOSS)	(76,232)	141,459	65,227	(18,119)
Nonoperating Revenues (Expenses):				
Intergovernmental (note 10)	5,678	—	5,678	6,435
Interest and fiscal charges	(17,713)	—	(17,713)	(13,917)
Miscellaneous	3,909	—	3,909	4,046
Total nonoperating revenues (expenses)	(8,126)	—	(8,126)	(3,436)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(84,358)	141,459	57,101	(21,555)
Operating transfers in (out)	80,703	(2,213)	78,490	83,847
NET INCOME (LOSS)	(3,655)	139,246	135,591	62,292
Depreciation closed to Contributed Capital	6,491	—	6,491	6,151
INCREASE (DECREASE) IN RETAINED EARNINGS/FUND BALANCES	2,836	139,246	142,082	68,443
Retained Earnings/Fund Balances (Deficit) at Beginning of Year	(34,239)	1,060,355	1,026,116	957,673
Retained Earnings/Fund Balances (Deficit) at End of Year	\$(31,403)	1,199,601	1,168,198	1,026,116

The accompanying notes are an integral part of this statement.

ALL PROPRIETARY FUND TYPES AND PENSION TRUST FUNDS
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended September 30, 1985
(\$000s)

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise (Note 8)	Pension Trust	1985	1984
Sources of Cash:				
Operations:				
Income (loss) before operating transfers	\$ (84,358)	141,459	57,101	(21,555)
Item not requiring cash -				
Depreciation	22,205	—	22,205	18,543
Working capital provided (required)	(62,153)	141,459	79,306	(3,012)
Increase (decrease) in current/restricted liabilities:				
Accounts payable	7,759	—	7,759	(538)
Compensation liabilities	2,152	—	2,152	2,800
Due to Federal government	(2,434)	—	(2,434)	4,248
Due to other funds	4,308	—	4,308	6,985
Accrued liabilities	2,009	—	2,009	—
Deferred revenues	900	—	900	(3,296)
Current maturities	1,455	—	1,455	—
Other current liabilities	229	—	229	3,370
Due to others	—	4,717	4,717	625
Decrease (increase) in current/restricted assets:				
Receivables	(10,467)	—	(10,467)	2,532
Due from Federal government	(1,971)	14,397	12,426	11,095
Due from other funds	—	141	141	(1,437)
Inventory	(899)	—	(899)	217
Other current assets	25	—	25	554
Due from others	—	(41)	(41)	(156)
Cash provided (required)	(59,087)	160,673	101,586	23,987
Other sources of cash:				
Disposals of long term assets	30	—	30	4,323
Disposals of fixed assets	68	—	68	(274)
Proceeds of long term liabilities	65,177	—	65,177	30,189
Contributions of capital	106,362	—	106,362	10,166
Operating transfers in	116,172	—	116,172	110,920
Total sources of cash	228,722	160,673	389,395	179,311
Uses of Cash:				
Acquisition of fixed assets	142,860	—	142,860	48,321
Payment of long term liabilities	40,414	—	40,414	4,397
Operating transfers out	35,469	2,213	37,682	27,073
Total uses of cash	218,743	2,213	220,956	79,791
INCREASE (DECREASE) IN CASH AND INVESTMENTS	9,979	158,460	168,439	99,520
Cash and Investments at Beginning of Year	45,656	468,321	513,977	414,457
Cash and Investments at End of Year	\$ 55,635	626,781	682,416	513,977

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

September 30, 1985

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. REPORTING ENTITY AND SERVICES PROVIDED**

Article I, Section 8, Clause 17 of the United States Constitution adopted September 17, 1787 states, "The Congress shall have the power . . . to exercise exclusive legislation in all cases whatsoever, over such district (not exceeding ten miles square) as may, by cession of particular States, and the acceptance of Congress, become the seat of the government of the United States . . ." The District of Columbia was created July 16, 1790 and became the Nation's Capital December 1, 1800. Congress granted the District a Charter which went into effect on January 2, 1975 (the District of Columbia Self-Government and Governmental Reorganization Act, Public Law 93-198, approved December 24, 1973). The District is a municipal corporation which operates under an elected Mayor-Council form of government. An act of the Council, other than a budget request act, becomes a law unless it is disapproved by Congress and the President within 30 or 60 legislative days after it is adopted. The Council has no authority to impose any tax on the personal income of any individual who is not a resident of the District. Citizens of the District have the right to vote for President and Vice President of the United States but not for members of Congress. The District has an elected nonvoting delegate to the United States House of Representatives. The judges of the District courts are appointed by the President with the advice and consent of the Senate. Felonies committed in the District are prosecuted by the United States Attorney and court orders are carried out by the United States Marshall.

The District provides the following state, county and city services: public safety (police, fire, corrections and courts), public works (transportation, sanitation and construction), social services (health, welfare, employment and recreation), economic development (planning, housing and regulation), education (schools and libraries) and general administrative services. In addition, the District operates a water and sewer utility service, a general hospital, a stadium and armory complex ("Starplex"), a convention center, a lottery and a university.

The accompanying financial statements include all component units over which the District's elected officials exercise oversight responsibility. The criteria used in determining the scope of the entity for financial reporting purposes are manifestations of oversight (financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), scope of public service and special financing relationships. The accounting policies of the District conform to generally accepted accounting principles. A summary of the more significant accounting policies follows.

B. BASIS OF PRESENTATION

The accounts of the District are organized in funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent. The various funds are grouped, in the accompanying financial statements, into three fund categories and four fund types as follows. (The District does not use Special Revenue, Debt Service, Special Assessment, Internal Service or Nonexpendable Trust Funds because it has no activities which are required to be accounted for in these funds.) Where appropriate, similar funds are aggregated on a functional basis within a fund type. Account groups are not "funds." They measure governmental financial position and not results of operations.

Governmental Funds

The **General Fund** is used to account for all financial resources except those required to be accounted for in another fund. Principal and interest payments on general debt of the District are accounted for in the General Fund.

The **Capital Projects Fund** is used to account for the purchase or construction of fixed assets which are wholly or partly financed by grants or loans.

Proprietary Funds

Enterprise Funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the costs (including depreciation) of providing goods or services primarily or solely to the general public on a continuing basis are or could be financed or recovered primarily through user charges.

Fiduciary Funds

Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. These include Expendable Trust, Pension Trust, and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

The **General Fixed Assets Account Group** is used to account for all fixed assets other than those used by proprietary funds.

The **General Long Term Liabilities Account Group** is used to account for long term liabilities intended to be financed from the General Fund.

C. MEASUREMENT FOCUS

The accounting and reporting treatment applied to the fixed assets and long term liabilities associated with a fund is determined by its measurement focus as follows.

Governmental funds and Expendable Trust Funds are accounted for on a spending or "financial flow" measurement focus which means that the acquisition and disposition of fixed assets and the proceeds and payment of long term debt are included on their operating statements which present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in working capital.

Proprietary funds and Pension Trust Funds are accounted for on a cost of services or "capital maintenance" measurement focus which means that the acquisition and disposition of fixed assets and the proceeds and payment of long term debt are included on their balance sheets and not on their operating statements which present increases (revenues) and decreases (expenses) in net income.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. Governmental funds, Expendable Trust Funds and Agency Funds use the "modified" accrual basis and proprietary funds and Pension Trust Funds use the accrual basis as follows.

Revenue Recognition

Revenues of governmental funds and Expendable Trust Funds are recognized when they become available and measurable. Available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year.

The property tax year is from July 1 to June 30. Real property taxes are levied on July 1 and are payable in two installments on September 15 and March 31. Personal property taxes are due in full on July 31. The District recognizes as revenues in its fiscal year ending September 30, 75% of the property taxes levied on July 1 of the prior year and 25% of the property taxes levied on July 1 of the current year, provided they are available. Real property taxes attach as an enforceable lien on property as of July 1 of the year after levy. Sales taxes and other taxes collected or withheld at the source are recognized as revenues when in the hands of intermediary collecting agents. Taxpayer-assessed taxes on income of individuals, corporations and unincorporated businesses, inheritance, estate and miscellaneous items are recognized as revenues when received unless the receipt is delayed beyond its normal time.

Allowances for taxes that will ultimately be uncollectible are estimated and recorded as reductions of revenues. Delinquent taxes incur interest and penalty charges which continue to accumulate until paid in full. Such amounts are billed and recorded as revenue. Costs incurred by the District in converting delinquent taxes into tax liens are added to the taxes receivable from delinquent taxpayers. Anticipated refunds of taxes are estimated based upon previous experience and are recorded as liabilities and reductions of revenues.

Interfund transactions that would be treated as revenues and expenditures or expenses if they involved organizations external to the District are accounted for as revenues and expenditures or expenses in the funds involved.

Operating transfers, which are legally authorized transfers from a fund receiving revenues to the fund through which the revenues are to be spent, are recognized when the interfund receivables and payables arise.

Grants are recognized as revenues when the related costs are incurred. Grants that are collected before the related costs have been incurred are reported as deferred revenues. Probable disallowances of grant expenditures are estimated and accrued.

Revenues of proprietary funds and Pension Trust Funds are recognized when they are earned and become measurable. The estimated amount of accounts receivable for goods or services sold but not billed is recorded at year end. Allowances for uncollectible accounts are estimated and recorded as expenses.

Expenditure and Expense Recognition

Expenditures are costs incurred to acquire goods and services. Expenses are expired costs of using goods and services. Expenditures and expenses are recognized when the liability is incurred, if measurable. Expenditures exclude amounts represented by liabilities which are not payable within one year or whose liquidation is reasonably not expected to require the use of current assets. Such noncurrent liabilities are debited to Resources To Be Provided In Future Years and credited to Other Long Term Liabilities in the General Long Term Liabilities Account Group.

Unpaid interest incurred on general obligation debt is recorded as a current liability in the paying fund. Fiscal charges include issuance costs and fiscal agent's fees. Issuance costs are fees for accounting, legal, underwriting, printing and other services rendered in connection with the issuance of bonds. Fiscal agent's fees are charges for services rendered by financial institutions in paying interest and redeeming debt at maturity.

District employees earn vacation leave with pay at the rate of 13 days per year, 20 days per year after 3 years of service, and 26 days per year after 15 years of service. Vacation leave accumulates on a biweekly basis and is fully vested when earned. Accumulated vacation leave cannot exceed 30 days at the end of any calendar year and any leave in excess of this amount expires. An accrual has been provided which reasonably estimates (at current pay rates) the amount of accumulated vacation leave. The portion of the accrual which is paid or expires during the fourth quarter of the calendar year is recorded as a current liability in the paying fund. The remainder of the accrual is recorded as Other Long Term Liabilities.

District employees are entitled to sick leave with pay at the rate of 13 days per year. Sick leave accumulates on a biweekly basis without limitation and does not vest. Unused sick leave is credited at the rate of 22 days equal one month of service at the time of retirement and is added to years of service to increase the retirement annuity. No liability for accumulated sick leave is recognized and the expenditure is recorded in the fiscal year in which the sick leave is taken.

The amount of the District pension contribution, determined for the year by the Retirement Reform Act, is less than the amount determined by an acceptable actuarial cost method. The Act stipulates that if, at any time, the fund balance of any Pension Trust Fund is not sufficient to meet all obligations against the Fund, the Fund shall have a claim on the revenues of the District to the extent necessary to meet such obligations. The unfunded portion of the annual pension cost is recorded as Other Long Term Liabilities.

Disability compensation covers benefit payments for occupational injuries, deaths and diseases suffered by employees of the District government. The actuarial present value of disability benefits to be paid in future years is recorded as Other Long Term Liabilities.

Loss contingencies may arise from the risk of uncollectibility of receivables, refundability of tax and grant revenues, claims, judgments and property losses. A loss contingency is accrued when information available prior to issuance of the financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A loss contingency is not accrued, but is disclosed in the notes to the financial statements, if it is possible but not probable or, if the amount cannot be reasonably estimated. A loss contingency is not accrued or disclosed if it is remote (except for guarantees of indebtedness of others).

Loans by a fund to another fund are not expenditures or expenses to the paying fund and are not revenues to the receiving fund. Portions of the loans which are due within one year are reported as Due From or To Other Funds. Portions of the loans which are due after one year are reported as Advance To or From Other Funds. The fund balance is "reserved for long term assets" to indicate the portion that is not available for expenditure within one year.

E. BUDGETING AND BUDGETARY CONTROL

Budgetary Procedures

The District followed these procedures in establishing the budgetary data for the General Fund reflected in the budgetary statement (Exhibit 3).

1. *Proposal*—On February 2, 1984, the Mayor submitted to the Council a proposed operating and capital budget for the fiscal year commencing October 1, 1984. The operating budget included proposed expenditures and the means of financing them.
2. *Projects*—The capital budget was prepared on a "project length basis" under which the total outlay was estimated for the length of each project to be started in the fiscal year. The capital budget was authorized by Congress subject to the approval of a financing plan for each project by the Council through the passage of a resolution. A budgetary comparison for the Capital Projects Fund could not be presented in the budgetary statement because the capital budget was not legally enacted on an "annual period basis."
3. *Adoption*—Public hearings were conducted by the Council to obtain taxpayer comments on the proposed budget. On March 13, 1984, the budget was adopted by the Council through passage of a budget request act. (The Council may not adopt any budget in which expenditures and other financing uses exceed revenues and other financing sources for the District government as a whole.)
4. *Approval*—On April 2, 1984, the Mayor approved the adopted budget and forwarded it to the President of the United States for review. (The Mayor may not forward any budget which is not balanced.)
5. *Appropriation*—On April 16, 1984, the President submitted the reviewed budget to Congress which conducted public hearings and enacted the budget and the authorized Federal payment in lieu of taxes through passage of an appropriation law on October 12, 1984. Any revisions that alter the total expenditures of any function must be approved by Congress. The budgeted amounts in the budgetary statement include a supplemental appropriation law enacted by Congress on August 1, 1985.
6. *Amendment*—Budgeted amounts may not be transferred between organizational units or between object categories within the same organizational unit except in accordance with the Reprogramming Policy Act (D.C. Code 47-361). The budgeted amounts in the budgetary statement include all reprogrammings approved during the fiscal year.
7. *Allocation*—Allocation by agency, control center and object class is employed as a management control device but is not part of the appropriated budget. The Mayor has the power and duty to apportion appropriations during the fiscal year so as to prevent a deficiency.
8. *Compliance*—"Actual" expenditures and operating transfers out may not legally exceed "budget" appropriations at the function level of classification. Any variance between expenditures and appropriations for any function is shown in the budgetary statement.

Budgetary Basis

The legal authorization granted by Congress to incur obligations for specific purposes (the "appropriation") is enacted on a basis not consistent with generally accepted accounting principles (GAAP). The General Fund budgetary statement includes a reconciliation of the "Excess of revenues over expenditures and other uses" on the budgetary basis with the "Excess of revenues over expenditures and other uses" on the GAAP basis. The significant differences between the budgetary basis and the GAAP basis are the following.

1. *Nonappropriations*—The budgetary basis excludes expenditures funded by Federal grants, private gifts and interfund charges for services. The GAAP basis includes all revenues from whatever source derived and both appropriation and nonappropriation expenditures.
2. *Accruals*—The budgetary basis includes some expenditures when they are expected to be due. The GAAP basis includes such expenditures when they are incurred.
3. *Inventory*—The budgetary basis records supplies as expenditures when they are purchased. The GAAP basis records supplies as expenditures when they are used or sold.

Encumbrances

Encumbrances are commitments to acquire goods and services. The recording of purchase orders and contracts in order to reserve that portion of the applicable appropriation is employed as an extension of allocation in the General and Capital Projects Funds. All appropriations and encumbrances lapse at the end of each fiscal year except for capital projects. The fund balance is "reserved for encumbrances" to indicate the portion that is available for expenditure upon vendor performance.

F. CASH AND INVESTMENTS

Cash from all funds is combined unless prohibited by law. Any cash which is not needed for immediate disbursement is used to purchase investments. The equity in the pooled cash and investments is accounted for as part of the fund to which it belongs. Governmental and proprietary fund investments are stated at the lower of cost or market and fiduciary fund investments are stated at market with accrued interest.

Pooled cash may be invested directly or through repurchase agreements in obligations of the United States or its agencies which are fully guaranteed by the Federal government and in certificates of deposit which are issued by Federally insured banks. The market value of securities collateralizing deposits or underlying repurchase agreements is at least equal to the amount of cash deposited or invested. All securities are held by an independent third party separate from its assets.

G. INVENTORY

Inventory of supplies on hand is stated at the lower of cost (first-in, first-out) or market. Supplies are recorded as expenditures or expenses when they are used or sold.

H. FIXED ASSETS

Fixed assets and betterments which have an acquisition cost of \$1,000 or more per unit and an estimated useful life of three or more years are capitalized. Public domain ("infrastructure") fixed assets, such as bridges, curbs, gutters, lights, sidewalks, streets, storm drains and similar assets which are immovable and of value only to the District, are capitalized. Repair and maintenance costs are charged to operations as incurred. Costs of assets retired are removed from the asset and accumulated depreciation accounts.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

Costs to acquire fixed assets used in governmental funds are capitalized (accounted for) in the General Fixed Assets Account Group. Depreciation on general fixed assets is debited to Investment In General Fixed Assets and credited to Accumulated Depreciation in the General Fixed Assets Account Group.

Costs (including interest incurred during construction) to acquire fixed assets used in proprietary funds are capitalized in those funds. Operating expenses include depreciation on all depreciable fixed assets. Depreciation on fixed assets acquired through capital grants or by the University is closed to Contributed Capital and reported in the operating statements as an adjustment of net income (loss).

Depreciation has been provided over the estimated useful lives of fixed assets using the straight line method. The estimated useful lives are as follows.

Streets and bridges	30 years
Water and sewer facilities	60 years
Buildings and fixtures	30-50 years
Furniture and equipment	3-15 years
Transit system investment	33 years

I. LONG TERM DEBT

Proceeds of general obligation bonds to be repaid from the General Fund and issued for capital projects or to refund general obligation notes are credited as "other financing sources" in the Capital Projects Fund or General Fund, respectively. Principal payments are charged as debt service in the General Fund. Such proceeds and principal payments are debited or credited, as appropriate, to Resources To Be Provided in Future Years and to Due To Federal Government or General Obligation Bonds Payable, as appropriate, in the General Long Term Liabilities Account Group.

General obligation debt to be repaid from the Water and Sewer Enterprise Fund is accounted for in that fund. Proceeds of general obligation notes used to construct an interceptor and sewer line from Washington Dulles International Airport to the District system were debited to Due From Other Governments. The account is credited with a portion of the service charges levied on local jurisdictions benefiting from the facilities.

Bonds issued by, and to be repaid from, the Housing Finance Trust Fund are accounted for in that fund.

J. RESTRICTED ASSETS AND LIABILITIES

All assets of fiduciary funds are restricted as to use by legal or contractual requirements. The accompanying balance sheet segregates restricted assets, and liabilities which are payable from restricted assets, from assets which are unrestricted and therefore are available for general purposes. Any excess of restricted assets over liabilities payable from restricted assets is reported as "reserved for net restricted assets" to indicate the portion of the fund balance that is available for trust purposes only.

K. COMPARATIVE DATA

Summary comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the District's financial position and operations. Prior year totals by fund type have not been presented in each of the statements because their inclusion would make the statements unduly complex and difficult to read. Certain 1984 amounts have been reclassified to conform with the 1985 presentation.

L. TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

Total columns on the General Purpose Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation because interfund eliminations and other appropriate consolidating entries have not been made in the aggregation of these data.

(2) DUE FROM OR TO FEDERAL GOVERNMENT

Amounts due from or to the Federal government are included in the following categories in the accompanying combined balance sheet at September 30 (\$000s).

Account	General	Capital Projects	Enter- prise	Trust and Agency	General Long Term	Totals	
						1985	1984
Current Assets (Note 10):							
Revenue sharing	\$ 4,339	—	—	—	—	4,339	4,483
Grants	84,134	14,937	7,721	—	—	106,792	117,493
Total	\$ 88,473	14,937	7,721	—	—	111,131	121,976
Restricted Assets (Note 9):							
Unemployment surtax	\$ —	—	—	—	—	—	24,000
Unemployment system	—	—	—	70	—	70	285
Future pension obligation	—	—	—	575,847	—	575,847	590,244
Total	\$ —	—	—	575,917	—	575,917	614,529
Current Liabilities (Note 6):							
Accrued interest	\$112,645	—	25,054	—	—	137,699	167,227
Current maturities	—	—	6,551	—	—	6,551	6,360
Total	\$112,645	—	31,605	—	—	144,250	173,587
Long Term Liabilities (Note 6):							
General obligation notes	\$ —	—	216,183	—	1,373,515	1,589,698	1,901,502
Liabilities Payable From Restricted Assets (Note 9):							
Unemployment advances	\$ —	—	—	—	—	—	43,810

Receivables and accounts payable include amounts due from and to the Federal government for commercial transactions described in Note 10. Compensation liabilities include amounts due to the Federal government for income taxes, Civil Service and Social Security withheld from employees and the District's matching contributions for such withholdings. Amounts contributed by the Federal government in grants which were used to finance the acquisition of fixed assets are described in Note 5.

(3) INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances at September 30, 1985 follow (\$000s).

Fund	Receivables		Payables	
	Due From	Advance To	Due To	Advance From
General	\$42,308	4,002	14,649	—
Water and sewer	—	—	42,000	—
Convention center	—	—	308	—
Unemployment compensation	739	—	—	—
Housing finance	—	—	—	4,002
Pension	13,910	—	—	—
Total	\$56,957	4,002	56,957	4,002

The advance agreements provide for repayment within 15 years from the Housing Finance Fund's excess of revenues over expenditures to the extent it is available outside of the lien of the bond indenture (Note 9).

(4) INVESTMENT IN JOINT VENTURE

A. GENERAL INFORMATION

The Washington Metropolitan Area Transit Authority is a tax exempt joint venture created in 1967 by compact among Maryland, Virginia and the District pursuant to the "Capital Transportation Act." The Authority is responsible for the construction, financing and operation of mass transit facilities, consisting of a 103 mile, 83 station rapid rail and a 400 route bus transit system, in the counties of Montgomery and Prince George's in Maryland, the counties of Arlington and Fairfax and the cities of Alexandria, Fairfax and Falls Church in Virginia, and the District.

As of September 30, 1985, 61 miles and 57 stations of the rail transit system were operational. Twenty nine miles and 17 stations were under construction or final design at that date. Thirteen miles and 9 stations have not been financed. The system is expected to be completed by 1997. The estimated total cost of constructing the rail transit system is \$10 billion. The cost of purchasing the area's privately owned bus companies in 1973 was \$60.4 million.

The Authority is a body corporate and politic which is governed by a Board consisting of six directors, two each representing Maryland, Virginia and the District. The District's directors are appointed by the Council. The Authority does not have any stockholders, has no taxing power and is not subject to regulatory approval of its fare schedules.

The Authority's operating budget is adopted by the Board after each participant has appropriated its share of the required operating and debt service grants for the coming fiscal year. The grants are recorded by the District as current expenditures in the General Fund.

Capital funds are provided through multiyear interim capital grant agreements that specify the amount due from each participant. Federal capital grants are contingent upon matching grants from the participants of 15% to 25%. The grants are recorded by the District as capital outlays in the Capital Projects Fund and accounted for in the General Fixed Assets Account Group as described in Note 5. The cumulative capital outlays are being amortized over 33 years, the estimated useful life of the Authority's fixed assets.

The participants are required to provide a stable and reliable source of revenues to finance the grant payments to the Authority. The revenues allocated by the District to the Authority are sales taxes on motor fuel, parking fees, hotel rooms and restaurant meals; traffic fines; and Federal grants for operating expenses of the Authority.

The District pays the Authority for taking public school students to and from schools or school-related activities by bus or rail. The payments are recorded by the District as current expenditures in the General Fund.

B. FINANCIAL INFORMATION

A summary balance sheet of the Authority at June 30, 1985 and 1984 follows (\$000s).

	1985	1984
Current assets	\$ 426,102	376,883
Fixed assets, net	4,915,179	4,739,786
Total assets	\$5,341,281	5,116,669
Current liabilities	\$ 423,218	371,546
Long term liabilities	993,179	992,900
Total liabilities	1,416,397	1,364,446
Fund equity	3,924,884	3,752,223
Total liabilities and fund equity	\$5,341,281	5,116,669

A summary operating statement of the Authority for the years ended June 30, 1985 and 1984 follows (\$000s).

	1985	1984
Operating revenues	\$ 196,451	166,673
Operating expenses:		
Depreciation	116,889	91,697
All other	382,829	348,940
Total operating expenses	499,718	440,637
OPERATING INCOME (LOSS)	(303,267)	(273,964)
Nonoperating revenues	187,532	182,941
NET INCOME (LOSS)	(115,735)	(91,023)
Fund equity at beginning of year	3,752,223	3,519,347
Capital grants earned	288,396	323,899
Fund equity at end of year	\$3,924,884	3,752,223
District expenditures (\$000s):		
Operating grants	\$ 86,883	74,901
Debt service grants	10,180	13,419
Capital grants	15,836	11,073
Total	\$ 112,899	99,393

C. DEBT STRUCTURE

The debt of the Authority does not constitute debt of the District. The Authority issued the following bonds guaranteed by the Federal government (\$000s).

Series	Issue Date	Due Date	Rate	Principal	Discount	Net
A	10/1/72	7/1/12	7.30%	\$225,000	1,270	223,730
B	1/1/73	7/1/12	7.35%	220,000	666	219,334
C	7/1/73	7/1/13	7.75%	150,000	432	149,568
D	4/1/74	7/1/14	8.15%	225,000	1,453	223,547
E	1/1/75	7/1/14	8.35%	177,000	—	177,000
Total				\$997,000	3,821	993,179

The payment of debt principal and interest is shared on the basis of two-thirds by the Federal government and one-third by the Authority. The payment of the Authority's share of the bond interest was provided by advances from the Federal government through July 1, 1982. Beginning then, the Authority is required to make annual sinking fund payments of \$2.5 million. The interest rates on the advances range from 9.41% to 14.42%. The repayment of the advances before January 1, 1993 will be provided by future debt service grants from the participants to the Authority.

Advances and interest payable to the Federal government by the Authority at June 30, 1985 and 1984 were as follows (\$000s).

	1985	1984
Advances	\$15.1	15.5
Interest	10.2	7.8
Total	\$25.3	\$23.3

(5) FIXED ASSETS**A. GENERAL FIXED ASSETS**

A summary of changes in general fixed assets and investment in general fixed assets follows (\$000s).

Asset Class	Balance October 1, 1984	Acquisitions	Transfers/ Retirements	Balance September 30, 1985
Land	\$ 105,360	2,562	9,061	116,983
Streets and bridges	867,604	—	67,118	934,722
Storm drains	123,116	—	(123,116)	—
Buildings and fixtures	1,145,543	9,588	25,634	1,180,765
Furniture and equipment	144,933	24,040	(7,242)	161,731
Construction in progress	73,803	179,504	(137,370)	115,937
Transit system investment	392,697	—	15,836	408,533
Total	2,853,056	215,694	(150,079)	2,918,671
Less- accumulated depreciation	988,300	75,723	(42,123)	1,021,900
Net general fixed assets	\$1,864,756	139,971	(107,956)	1,896,771
Federal capital grants	\$ 520,361	35,311	(6,859)	548,813
District resources	1,344,395	104,660	(101,097)	1,347,958
Total investment in general fixed assets	\$1,864,756	139,971	(107,956)	1,896,771

Acquisitions consist of expenditures from the General Fund for land, buildings and fixtures, and furniture and equipment and from the Capital Projects Fund for construction in progress. When a project is completed, costs in the construction in progress account are transferred to one or more of the other asset classes or are retired. The transit system investment is described in Note 4.

A summary of changes in general fixed assets by function follows (\$000s).

Function	Balance October 1, 1984	Acquisitions	Transfers/ Retirements	Balance September 30, 1985
Governmental direction and support	\$ 11,285	5,368	(751)	15,902
Economic development and regulation	265,362	9,267	35,647	310,276
Public safety and justice	258,235	4,716	1,204	264,155
Public education system	586,934	6,476	(3,240)	590,170
Human support services	129,120	979	(5,874)	124,225
Public works	1,135,620	9,384	(55,531)	1,089,473
Construction in progress	73,803	179,504	(137,370)	115,937
Transit system investment	392,697	—	15,836	408,533
Total	\$2,853,056	215,694	(150,079)	2,918,671

B. PROPRIETARY FIXED ASSETS

A summary of changes in proprietary fixed assets and contributed capital follows (\$000s).

Asset Class	Balance October 1, 1984	Acquisitions	Transfers/ Retirements	Balance September 30, 1985
Land	\$ 31,972	—	—	31,972
Water and sewer facilities	487,049	9,828	188,034	684,911
Buildings and fixtures	246,840	779	5,417	253,036
Furniture and equipment	50,260	8,491	(415)	58,336
Construction in progress	49,110	32,296	(68,517)	12,889
Total	865,231	51,394	124,519	1,041,144
Less- accumulated depreciation	186,523	22,205	33,121	241,849
Net proprietary fixed assets	\$678,708	29,189	91,398	799,295
Federal capital grants	\$124,671	3,076	—	127,747
District resources	336,409	5,330	91,465	433,204
Total contributed capital	\$461,080	8,406	91,465	560,951

Acquisitions consist of expenditures (\$000s) from the Proprietary Funds (\$40,007) and from the Capital Projects Fund (\$7,380) plus interest capitalized (\$4,007) for construction in progress. Storm drains were transferred from general fixed assets to proprietary fixed assets at the beginning of the year.

C. CONSTRUCTION IN PROGRESS

A summary of construction in progress at September 30, 1985 by function follows (\$000s).

Function	Number of Projects	Authorizations	Expenditures	Unexpended Balances
Governmental direction and support	1	\$ 922	307	615
Economic development and regulation	6	10,374	1,953	8,421
Public safety and justice	20	85,199	23,867	61,332
Public education system	8	59,747	39,918	19,829
Human support services	18	18,695	7,292	11,403
Public works	19	80,970	42,600	38,370
Total general	72	\$255,907	115,937	139,970
Water and sewer	10	\$ 75,185	11,445	63,740
General hospital	1	14,154	1,234	12,920
Convention center	1	1,019	210	809
Total proprietary	12	\$ 90,358	12,889	77,469

(6) LONG TERM LIABILITIES**A. GENERAL OBLIGATION DEBT**

General obligation debt payable at September 30, 1985 was comprised of the following notes and serial or term bonds (\$000s).

Form	Series	Maturity Date	Interest Rates	Original Amount	Outstanding Amount		
					Enterprise	General	Total
Notes	Treasury	10/1/15	4.13%-12.25%	\$1,846,280	222,734	1,373,515	1,596,249
Bonds	1985A	12/1/11	9.50%-10.25%	80,000	15,128	64,872	80,000
Bonds	1985B	6/1/05	8.00%- 9.75%	173,020	19,297	153,723	173,020
Bonds	1985C	6/1/05	5.60%- 9.38%	210,220	21,065	189,155	210,220
Total				\$2,309,520	278,224	1,781,265	2,059,489

The general obligation notes are due to the Federal government and contain no pledge of property, sinking fund provisions, subordination, restrictive covenants or default stipulations. There were no fiscal charges. The District is in compliance with the terms of the notes.

The general obligation bonds are secured by the full faith and credit of the District and by deposits with banks of a special real property tax for payment of bond principal and interest. At September 30, 1985, the cash with fiscal agents (\$000s) was \$25,246. The District is in compliance with all limitations and restrictions contained in the bond indentures.

Under the District of Columbia Self-Government and Governmental Reorganization Act, no long term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long term general obligation debt to exceed 14% of the revenues of the fiscal year in which the debt is issued. The District is in compliance with the limitation contained in the Charter.

A summary of changes in general obligation debt payable follows (\$000s).

	Notes		Bonds		Total
	Enterprise	General	Enterprise	General	
Debt payable at October 1, 1984 ..	\$261,229	1,646,633	—	—	1,907,862
Bond proceeds:					
Series 1985A (refunding)	—	—	15,128	64,872	80,000
Series 1985B (capital projects) ..	—	—	19,297	153,723	173,020
Series 1985C (refunding)	—	—	21,065	189,155	210,220
Total	261,229	1,646,633	55,490	407,750	2,371,102
Debt payments:					
Principal retired	4,187	30,089	—	—	34,276
Principal refunded	34,308	243,029	—	—	277,337
Debt payable at September 30, 1985 ..	222,734	1,373,515	55,490	407,750	2,059,489
Less - current liabilities	6,551	—	1,065	—	7,616
Long term liabilities	\$216,183	1,373,515	54,425	407,750	2,051,873

A summary of principal and interest requirements to maturity of general obligation debt follows (\$000s).

Year	Notes		Bonds		Total
	Principal	Interest	Principal	Interest	
1986	\$ 38,261	137,801	8,860	44,935	229,857
1987	38,956	124,769	10,575	41,464	215,764
1988	41,460	122,149	11,310	40,678	215,597
1989	44,058	119,341	12,130	39,810	215,339
1990	46,954	116,335	13,050	38,846	215,185
1991-1995	276,211	530,197	82,950	175,970	1,065,328
1996-2000	355,536	420,450	121,220	132,275	1,029,481
2001-2015	754,813	449,176	203,145	73,550	1,480,684
Total	\$1,596,249	2,020,218	463,240	587,528	4,667,235

The District issued general obligation tax revenue anticipation notes in the amount of \$150 million dated October 15, 1984 and due on September 30, 1985 with interest at 6.74% priced to yield 6.25%. The principal and interest were paid on the maturity date. Interest and fiscal agent's fees (\$000s) were \$10,165.

B. OTHER LONG TERM LIABILITIES

A summary of changes in other long term liabilities follows (\$000s).

Account	Balance October 1, 1984	Additions	Deductions	Balance September 30, 1985
Accumulated vacation leave	\$ 37,603	439	—	38,042
Accrued pension costs (Note 9)	1,508,349	174,433	—	1,682,782
Accrued disability benefits	106,166	—	17,885	88,281
Mortgage bond	—	3,880	—	3,880
Construction contract	—	9,686	390	9,296
Miscellaneous	272	—	272	—
Total	\$1,652,390	188,438	18,547	1,822,281

The total current liability for accumulated vacation leave (\$000s) was \$25,661 at September 30, 1985 and \$25,181 at September 30, 1984.

The District has issued industrial development bonds whose principal and interest are payable solely from defined revenues of private entities. The amount of these no-commitment bonds is not included in the accompanying financial statements.

A predecessor entity of the District issued housing bonds whose principal and interest are payable solely from debt service grants from the Federal government. The amount of these no-commitment bonds is not included in the accompanying financial statements.

The cost of providing postretirement health care and life insurance benefits for retirees is borne by the Federal government and the District has no liability for this cost.

(7) RETAINED EARNINGS/FUND BALANCES OF INDIVIDUAL FUNDS

Retained earnings (deficits) of individual Enterprise Funds and fund balances of individual Trust Funds at September 30 are summarized below (\$000s).

Fund	1985	1984
Water and sewer	\$ (53,739)	(58,021)
General hospital	(8,660)	(10,491)
Starplex	(936)	(1,197)
Convention center	19,368	21,246
Lottery and games	1,141	1,137
University	11,423	13,087
Total Enterprise	\$ (31,403)	(34,239)
Unemployment compensation	\$ 47,493	13,110
Housing finance	394	317
Pension	1,199,601	1,060,355
Total Trust	\$1,247,488	1,073,782

(8) SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains six Enterprise Funds which sell water, sewer, medical, recreational, cultural and educational services to the general public on a continuing basis. Segment information for the year ended September 30, 1985 was as follows (\$000s).

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	Univer- sity	Total
Operating revenues:							
Gross	\$144,521	125,906	5,103	4,914	111,998	6,183	398,625
Deductions*	—	74,824	—	—	64,036	—	138,860
Operating expenses:							
Depreciation	11,906	2,945	811	2,352	143	4,048	22,205
All other	110,578	91,806	4,031	10,229	13,140	84,008	313,792
Operating income (loss)	22,037	(43,669)	261	(7,667)	34,679	(81,873)	(76,232)
Nonoperating revenues (expenses)	(20,198)	—	—	50	794	11,228	(8,126)
Operating transfers in (out)	—	45,500	—	5,739	(35,469)	64,933	80,703
Net income (loss)	1,839	1,831	261	(1,878)	4	(5,712)	(3,655)
Capital contributions	98,537	2,044	—	210	—	5,571	106,362
Current assets	63,024	39,068	3,586	1,701	2,541	28,800	138,720
Long term assets	19,947	—	—	—	—	—	19,947
Fixed assets	549,153	40,578	12,446	110,913	1,062	85,143	799,295
Total assets	632,124	79,646	16,032	112,614	3,603	113,943	957,962
Working capital (deficit)	(38,154)	15,085	2,333	(189)	79	11,056	(9,790)
Long term liabilities	279,904	—	—	—	—	—	279,904
Fund equity	251,042	55,663	14,779	110,724	1,141	96,199	529,548
Fixed asset acquisitions	130,279	4,487	364	1,490	575	5,665	142,860
Fixed asset dispositions	—	68	—	—	—	—	68

* Hospital bad debts, contractual adjustments and charity services.
Commissions and prizes deducted from lottery tickets sold to agents.

(9) DETAILED INFORMATION FOR TRUST AND AGENCY FUNDS**A. UNEMPLOYMENT COMPENSATION**

The District sponsors the Unemployment Compensation System which is administered by the Unemployment Compensation Board and is accounted for as a separate Unemployment Compensation Trust Fund. The Fund pays benefits to unemployed former employees of the District and Federal governments and private employers carrying on employment in the District. The District and Federal governments reimburse the Fund for benefits paid by it to their respective unemployed former employees. All administrative costs of the system are paid by the General Fund and reimbursed by a Federal grant.

If benefit payments exceed the cumulative amount of contributions, the Fund may request an advance to cover the deficiency from the Federal government. Advances are not general obligations of the District and are payable solely from contributions by private employers or a surtax on the Federal unemployment tax levied upon private employers. Interest is charged (at the prevailing rate) on advances made after March 31, 1982 and must be paid from the General Fund because the Unemployment Compensation Trust Fund is prohibited from paying interest. The interest (\$000s) for 1985 was \$2,132.

A summary of changes in advances from the Federal government follows (\$000s).

	1985	1984
Advances payable at beginning of year	\$ 43,810	63,757
New advances	—	9,000
Total	43,810	72,757
Less- payments	43,810	28,947
Advances payable at end of year	\$ —	43,810

An analysis of amounts due from or to others at September 30, 1985 follows (\$000s).

Account	Due From	Due To
Claimants	\$ 140	2,087
Employers	12,939	4
States	1,356	299
Total	\$14,435	2,390

B. HOUSING FINANCE

The District sponsors the Housing Finance Program which is administered by the Housing Finance Agency and is accounted for as a separate Housing Finance Trust Fund. The Fund issues bonds and uses the proceeds to finance residential mortgage, construction and rehabilitation loans. The principal and interest of bonds issued by the Fund are not general obligations of the District and are payable solely from defined revenues and assets of the Fund. Administrative costs of the program are financed by the Fund and operating transfers to the Fund from the General Fund.

An analysis of amounts due from or to others at September 30, 1985 follows (\$000s).

Account	Due From	Due To
Loans	\$ 96,574	210,299
Deferrals	3,682	1,994
Miscellaneous	345	7,126
Total	\$100,601	219,419

C. PENSION

Types of Plans

All District employees are covered by one of three pension plans. The Civil Service Retirement System which covers permanent full-time employees (except those covered by the District Retirement Program) and the Social Security System which covers temporary and part-time employees are administered by the Federal government. Under a proposed amendment to the Social Security Act, all newly hired employees would be covered by the Social Security System except those covered by the District Retirement Program. The District Retirement Program is a single employer defined benefit pension plan administered by the Retirement Board and accounted for as Pension Trust Funds. Administrative costs of the program are financed by the General Fund and operating transfers to the General Fund from the Pension Trust Funds.

Nonadministered Plans

District contributions to the pension plans administered by the Federal government equaled employee contributions and were as follows (\$000s). The District has no further liability to these systems.

Plan	Rate	Employees	1985	1984
Civil Service	7.00%	28,900	\$43,679	42,300
Social Security	7.05%	10,900	5,292	4,957
Total		39,800	\$48,971	47,257

Administered Plan

The District Retirement Program covers four classes of employees who contribute a percentage of their salary. The number of participants at September 30, 1985 was as follows.

Class	Rate	Employees	Retirees	Total
Judges	3.50%	63	40	103
Police officers/Fire fighters ..	7.00%	5,150	6,180	11,330
Teachers	7.00%	6,413	3,504	9,917
Total		11,626	9,724	21,350

Benefit Provisions

Teachers who retire at age 55 with 30 years of service, at 60 with 20 years, or at 62 with 5 years are entitled to an annual annuity, payable monthly for life, equal to 1.5% of their average annual salary (for the highest 3 consecutive years) for each year of service up to 5 years, 1.75% for each year over 5 years, and 2% for each year over 10 years, up to a maximum of 80%, excluding credit for unused sick leave. Somewhat different age and service formulas are established for judges, police officers and fire fighters. The program also provides death and disability benefits. Benefits vest upon reaching 5 years of service and increase after retirement based upon inflation. Refunds are made if separation occurs before 5 years of service.

Federal Contribution

On January 2, 1975, when the District of Columbia Self-Government and Governmental Reorganization Act became effective, the unfunded actuarial liability under the District Retirement Program was \$1.9 billion. The Retirement Reform Act (Public Law 96-122, approved November 17, 1979) authorized the Federal government to make 25 annual contributions of \$52.1 million to the Pension Trust Funds from 1980 through 2004. These contributions total \$1.3 billion and had a present value in 1975 of \$486.8 million, using a 7% rate of interest. The present value of the future Federal obligation at September 30, 1985 was \$575.8 million. The amount is included in Due From Federal Government on the balance sheet of the Trust and Agency Funds.

District Contribution

The Retirement Reform Act also provided that, for each year before 2005, the District will pay to the Pension Trust Funds a sum equal to normal cost (portion of benefits allocated to a valuation year) plus interest on the unfunded actuarial liability or net pay-as-you-go cost (benefit payments less employee contributions), whichever is less, plus annual amortization. An amount is calculated each year to amortize with interest, over a 10 year period, the difference between the projected unfunded actuarial liability as of September 30, 2004 and the unfunded actuarial liability at September 30, 1979 increased by the inflation assumption to September 30, 2004. The actual annual amortization payment may not exceed 30% (10% for police officers and fire fighters) of the net pay-as-you-go cost. In 1985, amortization over 10 years would have been \$113.5 million. Due to the percentage limitation, the actual amortization was \$14.7 million. Beginning in 2005, the District's annual contribution to the Pension Trust Funds will increase to cover the then normal cost plus interest on the then unfunded actuarial liability. It is estimated that the unfunded actuarial liability at September 30, 2004 will be \$9.3 billion and that the District contribution to the Pension Trust Funds in 2005 will be 98.9% of covered payroll.

The District contributions to the Pension Trust Funds were calculated under the Retirement Reform Act before the beginning of each year as follows (\$000s).

Component	1985	1984
(1) Normal cost plus interest:		
Normal cost	\$110,100	102,600
Interest on unfunded actuarial liability	330,500	316,300
Total	440,600	418,900
(2) Net pay-as-you-go cost	145,700	147,260
(3) Mandatory contribution:		
Lesser of (1) or (2)	145,700	147,260
Annual amortization	14,700	16,600
Subtotal	160,400	163,860
(4) Voluntary contribution	4,741	10,294
District contribution	\$165,141	174,154
Annual covered payroll	\$363,382	350,737

Pension Cost

Pension costs of the District Retirement Program were calculated on the entry age normal actuarial cost method after the end of each year as follows (\$000s).

Component	1985	1984
Normal cost	\$113,934	108,396
Interest on unfunded actuarial liability	176,910	169,486
Amortization of unfunded actuarial liability ..	48,730	49,733
Pension cost	\$339,574	327,615

The annual pension cost, less the District contribution, was added to the accrued pension costs included in Other Long Term Liabilities (Note 6). There was no offsetting accrued pension asset on the balance sheet of the Trust and Agency Funds because the accrued pension costs were unfunded.

Economic Assumptions

The assumptions as to the occurrence of future economic events affecting District contributions and pension costs were as follows.

Event	1985	1984
Interest rate (compounded annually)	7%	7%
Inflation (annual increase)	5%	5%
Salary scale (annual increase)	5%	5%
Merit (maximum annual increase)	4%	4%

Actuarial Liability

The actuarial present value of accumulated benefits of the District Retirement Program and the net assets available for those benefits at September 30, 1985 and 1984 were calculated as follows (\$000s).

Component	1985	1984
Vested benefits (active and inactive)	\$4,367,991	4,108,600
Nonvested benefits	22,289	42,000
Actuarial present value of accumulated benefits	4,390,280	4,150,600
Net assets available	1,199,601	1,060,355
Unfunded actuarial liability	\$3,190,679	3,090,245

Due From or To Others

An analysis of amounts due from or to others by the Pension Trust Funds at September 30, 1985 follows (\$000s).

Account	Due From	Due To
Participants and beneficiaries	\$2,376	15,587
Vendors	—	3,726
Total	\$2,376	19,313

Supplemental Plans

The District sponsors a defined benefit pension plan under Internal Revenue Code section 401 for Convention Center employees covered by the Social Security System. Participants may contribute 2% of their annual compensation and the District contributes the actuarially recommended amount.

The District purchases nonforfeitable tax-sheltered annuity contracts for educational employees under Internal Revenue Code section 403. Public school teachers and officers may contribute up to 20% of their annual compensation and there is no contribution by the District. University employees covered by the Social Security System may contribute from 5% to 15% of their annual compensation and the District contributes from 10% to 15%.

D. DEFERRED COMPENSATION

The District sponsors the Deferred Compensation Plan which is administered by independent contractors under Internal Revenue Code section 457 and is accounted for as a separate Deferred Compensation Agency Fund. Noneducational employees may defer the lesser of \$7,500 or 25% of their annual compensation. Compensation deferred and income earned are taxable when paid or made available to the participant or beneficiary upon retirement, death, termination or unforeseeable emergency. The plan assets are the property of the District and are subject to the claims of the District's general creditors. All administrative costs of the plan are borne by the participants and there is no contribution to the plan by the District. The plan assets at September 30, 1985 of \$20 thousand are included in Cash and Investments with an offset in Due to Others on the balance sheet of the Trust and Agency Funds.

(10) INTERGOVERNMENTAL TRANSACTIONS**A. PAYMENT IN LIEU OF TAXES**

The Federal payment to the District is in lieu of taxes it would have had to pay had it been subject to taxation and for costs incurred by the District in its role as the Nation's Capital. The District received \$471.4 million in 1985 and \$417.2 million in 1984. The 1985 payment included \$20 million for Saint Elizabeths Hospital, \$24.1 million for criminal justice initiative and \$2.3 million for inauguration activities.

Prior to March 1, the Mayor submits to the Council a requested Federal payment for the fiscal year commencing the following October 1. After action by the Council, the Mayor submits the request to the President for submission to Congress. The amount authorized by Congress to be appropriated as the Federal payment is based upon studies of revenues lost and costs incurred because of the Federal presence and the tax burden on District residents relative to other comparable jurisdictions.

B. REVENUE SHARING ENTITLEMENTS

The District's revenue sharing entitlements from the Federal government were \$17.5 million in 1985 and \$17.9 million in 1984.

C. OPERATING GRANTS

The District participates in Federal grant-in-aid programs. A summary of operating grant revenues by function follows (\$000s).

Function	1985	1984
Governmental direction and support	\$ 32	114
Economic development and regulation	95,797	45,894
Public safety and justice	2,225	1,088
Public education system	40,402	39,028
Human support services	280,504	289,026
Public works	1,855	3,240
Total general	420,815	378,390
University	5,678	6,435
Total	\$426,493	384,825

D. CAPITAL GRANTS

Federal capital grants are used for the purchase or construction of fixed assets. Capital grants, except for water and sewer facilities, are recorded as intergovernmental revenues in the Capital Projects Fund. Capital grants for water and sewer facilities are recorded as Contributed Capital in the Water and Sewer Enterprise Fund. A summary of capital grant revenues by function follows (\$000s).

Function	1985	1984
Economic development and regulation	\$15,501	17,744
Public safety and justice	55	56
Public education system	1	232
Human support services	293	1,271
Public works	37,502	26,920
Total	\$53,352	46,223

E. COMMERCIAL TRANSACTIONS

The District and Federal governments buy and sell goods and services to each other in the ordinary course of business. These transactions included the following correctional, medical and utility services.

Prisons

The Federal government can house Federal prisoners in District prisons. The Federal government reimburses the District for such services at cost. The amount was \$0.7 million in 1985 and \$1.6 million in 1984. Similarly, District judges can house District prisoners in Federal prisons. The District reimburses the Federal government for such services at cost. The amount was \$20.9 million in 1985 and \$18.6 million in 1984.

Mental Hospital

The District purchases certain mental health services from Saint Elizabeths Hospital, a Federal institution. The amount was \$55.2 million in 1985 and \$35.1 million in 1984. The hospital will be transferred from the Federal government to the District on October 1, 1987. There is a six year transition period from October 1, 1985 through September 30, 1991.

Aqueduct

The District exercises no oversight responsibility over the Washington Aqueduct which is owned by the Federal government and operated by the United States Army Corps of Engineers. The District reimburses the Federal government for all operating expenses and capital outlays of the Washington Aqueduct. The operating expenses were \$13.7 million in 1985 and \$12.4 million in 1984. The capital outlays are capitalized and depreciated over 60 years in the Water and Sewer Enterprise Fund. These outlays were \$4.8 million in 1985 and \$8.1 million in 1984.

The Federal government paid the District \$24.1 million in 1985 and \$16.5 million in 1984 in lieu of reimbursements for charges for water, water services and sanitary sewer services furnished to facilities of the Federal government. These operating revenues and the operating expenses were recorded in the Water and Sewer Enterprise Fund.

(11) COMMITMENTS

Minimum annual rental payments for all operating leases having noncancellable terms in excess of one year are as follows (\$000s).

Year	Facilities	Equipment	Total
1986	\$23,134	228	23,362
1987	18,063	130	18,193
1988	10,697	—	10,697
1989	5,005	—	5,005
1990	3,262	—	3,262
Thereafter	12,691	—	12,691
Total	\$72,852	358	73,210

Rental expenditures were \$31.7 million in 1985 and \$20 million in 1984. There were no capital leases. Grants for mass transit are described in Note 4. Unexpended balances of construction in progress are described in Note 5.

(12) CONTINGENT LIABILITIES

A. LITIGATION

The District is a defendant in a number of pending bodily injury and property damage lawsuits. An accrual of \$11 million in the General Fund has been provided which reasonably estimates the probable settlement of claims and the satisfaction of judgments against the District that may result from such tort liability. No accrual has been provided for possible but not probable additional claims and judgments which are reasonably estimated at \$19 million.

B. FEDERALLY ASSISTED PROGRAMS

The District participates in a number of Federally assisted grant programs as described in Note 10. These grants are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs for the year ended September 30, 1985 have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. An accrual of \$28.5 million in the General Fund has been provided which reasonably estimates the probable amount of expenditures that may be disallowed by the granting agencies.

C. RISK MANAGEMENT POLICY

The District self-insures against all risks, except group health and life, on an unfunded basis. Losses are recorded as incurred. No material casualty losses of real or personal property occurred in 1985 or 1984.



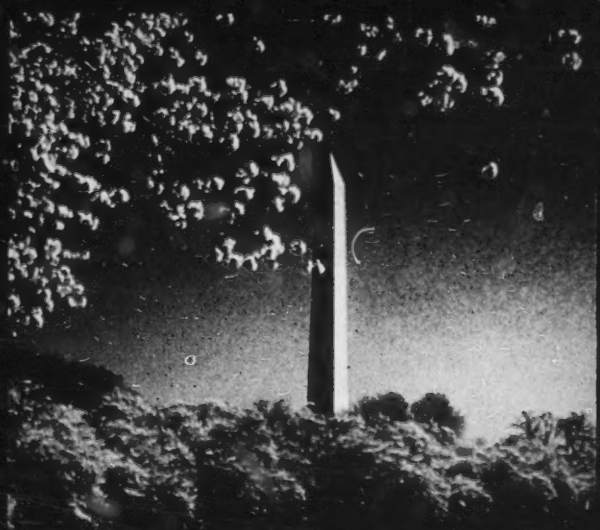
Combining and Individual Fund Statements and Schedules

Sumner School Project



Washington Harbor Project

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- Where the District has more than one fund of a given type, combining statements for all funds of that type are presented in columnar format. Where the District has only one fund of a given type, individual fund statements are presented with prior year comparisons. Where greater detail for information reported in the statements is deemed useful, schedules are presented.



GENERAL FUND

To account for all financial resources except those required to be accounted for in another fund. All fixed assets of the District government except those related to specific proprietary funds are accounted for through the General Fixed Assets Account Group. All long term liabilities of the District government except those related to specific proprietary and fiduciary funds are accounted for through the General Long Term Liabilities Account Group.

Exhibit A-1

GENERAL FUND
COMPARATIVE BALANCE SHEET

September 30, 1985 and 1984
(\$000s)

	1985	1984
ASSETS		
Current Assets:		
Cash and investments	\$ 93,688	46,804
Receivables (net of allowances for uncollectibles):		
Taxes	99,689	101,654
Accounts	19,066	14,635
Due from Federal government (note 2)	88,473	89,451
Due from other funds (note 3)	42,308	38,000
Inventory	15,189	13,345
Other current assets	1,065	3,113
Total current assets	359,478	307,002
Long Term Assets:		
Advance to other funds (note 3)	4,002	3,154
Total assets	<u>\$363,480</u>	<u>310,156</u>
LIABILITIES AND FUND BALANCE		
Current Liabilities:		
Accounts payable	\$131,641	105,265
Compensation liabilities:		
Salaries and wages	69,274	50,326
Employee benefits	2,231	2,464
Income taxes	2,105	5,287
Vacation leave	17,276	17,087
Other deductions	20	499
Due to Federal government (note 2)	112,645	139,548
Due to other funds (note 3)	14,649	14,190
Accrued liabilities:		
Claims and judgments	11,000	8,000
Grant disallowances	28,464	25,500
Interest	14,892	—
Tax overcollections	28,217	34,446
Other accruals	18,200	29,390
Deferred revenues:		
Property taxes	128,217	126,000
Federal grants	2,580	1,697
Other deferrals	14,499	12,636
Other current liabilities	12,504	7,681
Total liabilities	<u>608,414</u>	<u>580,016</u>
Commitments and Contingent Liabilities (Notes 11 and 12)		
Fund Balance:		
Reserved for long term assets	4,002	3,154
Unreserved (deficit)	(248,936)	(273,014)
Total fund balance (deficit)	<u>(244,934)</u>	<u>(269,860)</u>
Total liabilities and fund balance	<u>\$363,480</u>	<u>310,156</u>

The accompanying notes are an integral part of this statement.

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCEYears Ended September 30, 1985 and 1984
(\$000s)

	1985	1984
Revenues:		
Taxes:		
Property	\$ 455,097	397,449
Sales and use	402,743	365,587
Income and franchise	524,620	400,453
Gross receipts	91,445	98,449
Other	62,122	56,874
Total taxes	1,536,027	1,398,812
Licenses and permits	31,460	30,338
Fines and forfeits	29,214	23,343
Charges for services	97,576	115,556
Miscellaneous	29,976	21,402
Intergovernmental (note 10)	909,693	813,544
Total revenues	2,633,946	2,402,995
Expenditures:		
Current:		
Governmental direction and support	120,473	110,220
Economic development and regulation	198,209	155,942
Public safety and justice	685,091	620,122
Public education system	490,561	469,719
Human support services	776,318	753,518
Public works	231,503	219,658
Add (less) - employee benefits recorded as other long term liabilities	(156,987)	(204,517)
Debt service:		
Principal retired	30,089	27,852
Principal refunded	243,029	—
Interest	145,842	136,252
Fiscal charges	10,418	—
Total expenditures	2,774,546	2,288,766
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(140,600)	114,229
Other Financing Sources (Uses):		
Proceeds of general obligation bonds	258,933	—
Operating transfers in (out):		
Capital Projects Fund	(14,082)	(11,735)
General Hospital Fund	(45,500)	(43,100)
Convention Center Fund	(5,739)	(6,978)
Lottery and Games Fund	35,469	25,278
University Fund	(64,933)	(60,842)
Housing Finance Fund	(835)	(1,187)
Pension Funds	2,213	1,795
Total other financing sources (uses)	165,526	(96,769)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	24,926	17,460
Fund Balance (Deficit) at Beginning of Year	(269,860)	(287,320)
Fund Balance (Deficit) at End of Year	\$ (244,934)	(269,860)

The accompanying notes are an integral part of this statement.

Exhibit A-3

GENERAL FUND

SCHEDULE OF REVENUES BY SOURCE
BUDGET AND ACTUAL (BUDGETARY BASIS)Year Ended September 30, 1985
(\$000s)

Source	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:			
Taxes:			
Property:			
Real	\$ 400,200	407,289	7,089
Personal	41,600	43,496	1,896
Public space rental	2,900	4,312	1,412
Total	444,700	455,097	10,397
Sales and use:			
General	333,460	331,735	(1,725)
Alcoholic beverages	7,250	7,203	(47)
Cigarette	9,400	9,516	116
Hotel occupancy	4,600	5,949	1,349
Motor fuel	26,000	25,254	(746)
Motor vehicle	23,000	23,086	86
Total	403,710	402,743	(967)
Income and franchise:			
Individual income	414,700	417,509	2,809
Corporation franchise	91,350	82,245	(9,105)
Unincorporated business	24,130	24,866	736
Total	530,180	524,620	(5,560)
Gross receipts:			
Public utility	77,700	75,739	(1,961)
Insurance companies	20,000	21,055	1,055
Financial institutions	1,100	(5,349)	(6,449)
Total	98,800	91,445	(7,355)
Other:			
Inheritance and estate	21,500	24,370	2,870
Recordation	24,000	21,219	(2,781)
Transfer	18,900	16,533	(2,367)
Total	64,400	62,122	(2,278)
Total taxes	1,541,790	1,536,027	(5,763)
Licenses and permits:			
Business licenses	13,524	14,298	774
Nonbusiness permits	17,038	17,162	124
Total	30,562	31,460	898
Fines and forfeits	24,431	29,214	4,783
Charges for services:			
Court fees	4,400	4,353	(47)
Parking meters	8,700	8,891	191
Other	14,689	20,446	5,757
Total	27,789	33,690	5,901
Miscellaneous:			
Interest	11,725	14,666	2,941
Abandonments	2,100	1,778	(322)
Other	6,720	6,220	(500)
Total	20,545	22,664	2,119
Intergovernmental:			
Payment in lieu of taxes	471,353	471,353	—
Revenue sharing entitlements	17,696	17,525	(171)
Total	489,049	488,878	(171)
Total revenues	\$2,134,166	2,141,933	7,767

The accompanying notes are an integral part of this schedule.

GENERAL FUND

SCHEDULE OF EXPENDITURES AND USES BY FUNCTION AND SUBFUNCTION

Year Ended September 30, 1985
With Comparative Totals for Year Ended September 30, 1984
(\$000s)

Function and Subfunction	Personal Services	Contractual Services	Supplies	Occupancy	Miscellaneous	Totals	
						1985	1984
Governmental direction and support:							
Legislative	\$ 5,208	371	88	144	1,475	7,286	6,578
Executive	6,599	1,294	120	208	1,080	9,301	8,058
Finance	25,737	4,210	562	1,260	20,387	52,156	53,255
Personnel	12,910	2,990	108	216	311	16,535	14,028
Administrative	13,728	6,535	896	10,534	811	32,504	25,809
Elections	1,888	326	57	56	364	2,691	2,492
Total	66,070	15,726	1,831	12,418	24,428	120,473	110,220
Economic development and regulation:							
Planning and development	4,181	3,360	72	122	353	8,088	5,162
Housing and redevelopment	25,296	28,486	1,576	21,902	23,382	100,642	77,190
Economic regulation	21,914	4,232	211	493	500	27,350	22,145
Employment services	24,110	2,004	293	2,080	33,642	62,129	51,445
Total	75,501	38,082	2,152	24,597	57,877	198,209	155,942
Public safety and justice:							
Police	224,542	3,118	3,343	2,872	102,911	336,786	315,582
Fire	117,796	849	1,392	1,378	1,767	123,182	114,282
Correction	82,642	4,450	17,748	7,142	27,417	139,399	117,027
Protection	1,708	362	35	53	(191)	1,967	1,486
Law	11,203	7,768	273	284	4,932	24,460	20,776
Judicial	35,625	17,297	512	727	5,136	59,297	50,969
Total	473,516	33,844	23,303	12,456	141,972	685,091	620,122
Public education system:							
Education	412,982	9,120	14,231	18,977	19,023	474,333	455,626
Culture	10,513	1,047	226	1,734	2,708	16,228	14,093
Total	423,495	10,167	14,457	20,711	21,731	490,561	469,719
Human support services:							
Health and welfare	184,573	35,523	7,034	16,636	513,881	737,647	670,788
Human relations	2,275	9,225	62	159	457	12,178	10,979
Employment benefits	(325)	—	—	—	—	(325)	46,912
Recreation	21,353	1,395	1,470	1,425	1,175	26,818	24,839
Total	187,876	46,143	8,566	18,220	515,513	776,318	753,518
Public works	75,406	24,867	7,905	17,187	106,138	231,503	219,658
Future employee benefits:							
Governmental direction and support	(192)	—	—	—	—	(192)	(2,131)
Economic development and regulation	17,707	—	—	—	—	17,707	(28,785)
Public safety and justice	(145,860)	—	—	—	—	(145,860)	(141,132)
Public education system	(28,670)	—	—	—	—	(28,670)	(24,233)
Human support services	(45)	—	—	—	—	(45)	(5,546)
Public works	73	—	—	—	—	73	(2,690)
Total	(156,987)	—	—	—	—	(156,987)	(204,517)
Debt service	—	—	—	—	429,378	429,378	164,104
Financing uses (sources)	—	—	—	—	(165,526)	(165,526)	96,769
Total expenditures and uses	<u>\$1,144,877</u>	<u>168,829</u>	<u>58,214</u>	<u>105,589</u>	<u>1,131,511</u>	<u>2,609,020</u>	<u>2,385,535</u>

The accompanying notes are an integral part of this schedule.

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CAPITAL PROJECTS FUND

To account for the purchase or construction of fixed assets which are wholly or partly financed by capital grants or general obligation bonds. The Capital Projects Fund is not used to account for the acquisition of general fixed assets which are financed wholly from revenues of the General Fund. Such items are accounted for as current expenditures of that Fund.

Fixed assets are capitalized in the General Fixed Assets Account Group or in the proprietary fund to which they apply. Expenditures for items which are below the minimum cost or life of a fixed asset unit are not capitalized.

Exhibit B-1

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

September 30, 1985 and 1984
(\$000s)

	1985	1984
ASSETS		
Current Assets:		
Cash	\$ 91,867	56,476
Due from Federal government (note 2)	14,937	26,775
Inventory	—	1,552
Other current assets	—	118
Total assets	<u>\$106,804</u>	<u>84,921</u>
LIABILITIES AND FUND BALANCE		
Current Liabilities:		
Accounts payable	\$ 12,875	21,604
Deferred revenues	9,762	8,517
Total liabilities	22,637	30,121
Commitments and Contingent Liabilities (Notes 11 and 12)		
Fund Balance:		
Reserved for encumbrances	<u>84,167</u>	<u>54,800</u>
Total liabilities and fund balance	<u>\$106,804</u>	<u>84,921</u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

Years Ended September 30, 1985 and 1984
(\$000s)

	1985	1984
Revenues:		
Intergovernmental (note 10)	\$ 53,352	46,223
Expenditures:		
Capital outlays:		
General fixed assets	179,504	145,789
Proprietary fixed assets	7,380	5,966
Total expenditures	186,884	151,755
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 (133,532)	 (105,532)
Other Financing Sources:		
Proceeds of general obligation bonds	148,817	85,000
Operating transfers in:		
General Fund	14,082	11,735
Total other financing sources	162,899	96,735
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	 29,367	 (8,797)
 Fund Balance at Beginning of Year	 54,800	 63,597
 Fund Balance at End of Year	 \$ 84,167	 54,800

The accompanying notes are an integral part of this statement.

Exhibit B-3

CAPITAL PROJECTS FUND
SCHEDULE OF CONSTRUCTION IN PROGRESS

September 30, 1985
(\$000s)

Function and Subfunction	Number of Projects	Author- izations	Expenditures			Unexpended Balances
			Prior Years	Current Year	Total	
GENERAL						
Governmental direction and support:						
Administrative	1	\$ 922	—	307	307	615
Economic development and regulation:						
Housing and redevelopment	6	10,374	420	1,533	1,953	8,421
Public safety and justice:						
Police	3	11,968	1,241	322	1,563	10,405
Fire	4	7,558	282	2,197	2,479	5,079
Correction	11	57,266	9,840	9,285	19,125	38,141
Judicial	2	8,407	289	411	700	7,707
Total	20	85,199	11,652	12,215	23,867	61,332
Public education system:						
Education	7	59,128	26,461	12,853	39,314	19,814
Culture	1	619	136	468	604	15
Total	8	59,747	26,597	13,321	39,918	19,829
Human support services:						
Health and welfare	8	10,071	1,104	1,305	2,409	7,662
Human relations	2	1,002	—	809	809	193
Recreation	8	7,622	3,028	1,046	4,074	3,548
Total	18	18,695	4,132	3,160	7,292	11,403
Public works:						
Environment	6	21,571	2,030	2,936	4,966	16,605
Government buildings	13	59,399	25,074	12,560	37,634	21,765
Total	19	80,970	27,104	15,496	42,600	38,370
Total general	72	\$255,907	69,905	46,032	115,937	139,970
PROPRIETARY						
Water and sewer:						
Water	2	\$ 5,259	105	106	211	5,048
Sewer	8	69,926	5,644	5,590	11,234	58,692
Total	10	75,185	5,749	5,696	11,445	63,740
General hospital	1	14,154	1,153	81	1,234	12,920
Convention center	1	1,019	—	210	210	809
Total proprietary	12	\$ 90,358	6,902	5,987	12,889	77,469

The accompanying notes are an integral part of this schedule.

ENTERPRISE FUNDS

To account for activities that are financed and operated in a manner similar to private business enterprises where the costs (including depreciation) of providing goods or services primarily or solely to the general public on a continuing basis are or could be financed or recovered primarily through user charges.

The **Water and Sewer Fund** is used to account for the provision of water and sewer services to residents of the District. All activities necessary to provide such services are accounted for in this Fund, including administration, operations, maintenance, debt service, billing and collecting. Depreciation on fixed assets acquired through capital grants is closed to Contributed Capital.

The **General Hospital Fund** is used to account for the costs of providing medical and surgical treatment to sick and injured residents by the District of Columbia General Hospital. The Hospital is governed by eleven Commissioners appointed by the Mayor with the consent of the Council.

The **Starplex Fund** is used to account for maintaining and operating the Armory to provide facilities for the quartering and training of the National Guard of the District of Columbia and for major athletic events, conventions, concerts and other activities; and for maintaining and operating the Robert F. Kennedy Memorial Stadium for athletic and other events. The Armory and Stadium are governed by a three member Armory Board, two of whose members are appointed by the Mayor with the consent of the Council. The third member is the Commanding General of the National Guard.

The **Convention Center Fund** is used to account for maintaining and operating the Washington Convention Center for local public shows and exhibitions, civic and community events and gatherings, athletic and cultural events, entertainment and other activities. The Convention Center is governed by five Directors appointed by the Mayor with the consent of the Council.

The **Lottery and Games Fund** is used to account for revenues from lotteries and daily numbers games operated by the District of Columbia and from licenses to conduct bingo games and raffles, and related prizes, expenses and capital outlays. Gambling activities are administered by a Lottery and Charitable Games Control Board consisting of five members appointed by the Mayor with the consent of the Council. All moneys made available to the Lottery and Games Fund by the General Fund must be derived from non-Federal revenues.

The **University Fund** is used to account for the resources received and used by the University of the District of Columbia which is a land-grant institution offering higher education to the general public. The University is governed by a Board of Trustees. Eleven members of the Board are appointed by the Mayor with the consent of the Council, one member is a full-time student, and three members are appointed by the alumni associations. Depreciation on fixed assets is closed to Contributed Capital.

Exhibit C-1

ENTERPRISE FUNDS
COMBINING BALANCE SHEET

September 30, 1985
With Comparative Totals for September 30, 1984
(\$000s)

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	Univer- sity	Totals	
							1985	1984
ASSETS								
Current Assets:								
Cash and investments	\$ 866	27,917	3,154	981	1,007	21,710	55,635	45,656
Receivables (net of allowances for uncollectibles)	51,711	9,523	125	485	1,457	936	64,237	53,770
Due from Federal government (note 2)	4,878	24	—	—	—	2,819	7,721	5,750
Inventory	5,569	1,604	—	—	77	87	7,337	6,438
Other current assets	—	—	307	235	—	3,248	3,790	3,815
Total current assets	63,024	39,068	3,586	1,701	2,541	28,800	138,720	115,429
Long Term Assets:								
Due from other governments	18,557	—	—	—	—	—	18,557	19,977
Deferred charges	1,390	—	—	—	—	—	1,390	—
Total long term assets	19,947	—	—	—	—	—	19,947	19,977
Fixed Assets (Note 5):								
Property and equipment	710,551	68,816	24,837	116,923	1,326	118,691	1,041,144	865,231
Less - accumulated depreciation	161,398	28,238	12,391	6,010	264	33,548	241,849	186,523
Net fixed assets	549,153	40,578	12,446	110,913	1,062	85,143	799,295	678,708
Total assets	\$632,124	79,646	16,032	112,614	3,603	113,943	957,962	814,114
LIABILITIES AND FUND EQUITY								
Current Liabilities:								
Accounts payable	\$ 18,234	17,425	1,051	855	726	3,809	42,100	34,341
Compensation liabilities	3,855	6,544	173	358	212	7,552	18,694	16,542
Due to Federal government (note 2)	31,605	—	—	—	—	—	31,605	34,039
Due to other funds (note 3)	42,000	—	—	308	—	—	42,308	38,000
Accrued liabilities	2,009	—	—	—	—	—	2,009	—
Deferred revenues	1,520	14	—	369	120	3,087	5,110	4,210
Current maturities	1,455	—	—	—	—	—	1,455	—
Other current liabilities	500	—	29	—	1,404	3,296	5,229	5,000
Total current liabilities	101,178	23,983	1,253	1,890	2,462	17,744	148,510	132,132
Long Term Liabilities:								
Due to Federal government (note 2)	216,183	—	—	—	—	—	216,183	254,869
General obligation bonds payable (note 6) ..	54,425	—	—	—	—	—	54,425	—
Other long term liabilities (note 6)	9,296	—	—	—	—	—	9,296	272
Total long term liabilities	279,904	—	—	—	—	—	279,904	255,141
Total liabilities	381,082	23,983	1,253	1,890	2,462	17,744	428,414	387,273
Fund Equity:								
Contributed capital (note 5)	304,781	64,323	15,715	91,356	—	84,776	560,951	461,080
Retained earnings (deficit) since October 1, 1978	(53,739)	(8,660)	(936)	19,368	1,141	11,423	(31,403)	(34,239)
Total fund equity	251,042	55,663	14,779	110,724	1,141	96,199	529,548	426,841
Total liabilities and fund equity	\$632,124	79,646	16,032	112,614	3,603	113,943	957,962	814,114

The accompanying notes are an integral part of this statement.

Exhibit C-2

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS

Year Ended September 30, 1985
With Comparative Totals for Year Ended September 30, 1984
(\$000s)

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	Univer- sity	Totals	
							1985	1984
Operating Revenues:								
Charges for services	\$144,521	51,082	5,103	4,914	47,962	6,183	259,765	216,329
Operating Expenses:								
Personal services	32,375	64,653	2,187	4,204	2,038	61,168	166,625	157,367
Contractual services	34,240	10,005	611	3,297	9,967	5,510	63,630	69,369
Supplies	15,117	11,113	117	449	57	1,057	27,910	26,717
Occupancy	12,819	6,035	1,106	1,626	499	7,960	30,045	27,228
Depreciation	11,906	2,945	811	2,352	143	4,048	22,205	18,543
Miscellaneous	16,027	—	10	653	579	8,313	25,582	10,709
Total operating expenses	122,484	94,751	4,842	12,581	13,283	88,056	335,997	309,933
OPERATING INCOME (LOSS)	22,037	(43,669)	261	(7,667)	34,679	(81,873)	(76,232)	(93,604)
Nonoperating Revenues (Expenses):								
Intergovernmental (note 10)	—	—	—	—	—	5,678	5,678	6,435
Interest	(20,165)	—	—	50	794	1,641	(17,680)	(13,917)
Fiscal charges	(33)	—	—	—	—	—	(33)	—
Miscellaneous	—	—	—	—	—	3,909	3,909	4,046
Total nonoperating revenues (expenses)	(20,198)	—	—	50	794	1,228	(8,126)	(3,436)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,839	(43,669)	261	(7,617)	35,473	(70,645)	(84,358)	(97,040)
Operating transfers in (out):								
General Fund	—	45,500	—	5,739	(35,469)	64,933	80,703	85,642
NET INCOME (LOSS)	1,839	1,831	261	(1,888)	4	(5,712)	(3,655)	(11,398)
Depreciation closed to Contributed Capital ...	2,443	—	—	—	—	4,048	6,491	6,151
INCREASE (DECREASE) IN RETAINED EARNINGS	4,282	1,831	261	(1,878)	4	(1,664)	2,836	(5,247)
Retained Earnings (Deficit) at Beginning of Year	(58,021)	(10,491)	(1,197)	21,246	1,137	13,087	(34,239)	(28,992)
Retained Earnings (Deficit) at End of Year	\$ (53,739)	(8,660)	(936)	19,368	1,141	11,423	(31,403)	(34,239)

The accompanying notes are an integral part of this statement.

Exhibit C-3

ENTERPRISE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended September 30, 1985
With Comparative Totals for Year Ended September 30, 1984
(\$000s)

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	Univer- sity	Totals	
							1985	1984
Sources of Cash:								
Operations:								
Income (loss) before operating transfers . . .	\$ 1,839	(43,669)	261	(7,617)	33,473	(70,645)	(84,358)	(97,040)
Item not requiring cash -								
Depreciation	11,906	2,945	811	2,352	143	4,048	22,205	18,543
Working capital provided (required)	13,745	(40,724)	1,072	(5,265)	35,616	(66,597)	(62,153)	(78,497)
Increase (decrease) in current liabilities:								
Accounts payable	(197)	6,304	(423)	524	(366)	1,917	7,759	(538)
Compensation liabilities	469	172	(13)	203	36	1,285	2,152	2,800
Due to Federal government	(2,434)	—	—	—	—	—	(2,434)	4,248
Due to other funds	4,000	—	—	308	—	—	4,308	6,985
Accrued liabilities	2,009	—	—	—	—	—	2,009	—
Deferred revenues	623	13	—	79	111	74	900	(3,296)
Current maturities	1,455	—	—	—	—	—	1,455	—
Other current liabilities	—	—	1	—	142	86	229	3,370
Decrease (increase) in current assets:								
Receivables	(9,378)	(1,476)	76	152	(24)	183	(10,467)	2,532
Due from Federal government	(1,614)	52	—	—	—	(409)	(1,971)	(2,361)
Inventory	(1,206)	(25)	—	—	337	(5)	(899)	217
Other current assets	—	—	107	21	—	(103)	25	554
Cash provided (required)	7,472	(35,684)	820	(3,978)	35,852	(63,569)	(59,087)	(63,986)
Other sources of cash:								
Disposals of long term assets	30	—	—	—	—	—	30	4,323
Disposals of fixed assets	—	68	—	—	—	—	68	(274)
Proceeds of long term liabilities	65,177	—	—	—	—	—	65,177	30,189
Contributions of capital	98,537	2,044	—	210	—	5,571	106,362	10,166
Operating transfers in	—	45,500	—	5,739	—	64,933	116,172	110,920
Total sources of cash	171,216	11,928	820	1,971	35,852	6,935	228,722	91,338
Uses of Cash:								
Acquisition of fixed assets	130,279	4,487	364	1,490	575	5,665	142,860	48,321
Payment of long term liabilities	40,142	—	—	—	—	272	40,414	4,397
Operating transfers out	—	—	—	—	35,469	—	35,469	25,278
Total uses of cash	170,421	4,487	364	1,490	36,044	5,937	218,743	77,996
INCREASE (DECREASE) IN CASH AND INVESTMENTS	795	7,441	456	481	(192)	998	9,979	13,342
Cash and Investments at Beginning of Year	71	20,476	2,698	500	1,199	20,712	45,656	32,314
Cash and Investments at End of Year	\$ 866	27,917	3,154	981	1,007	21,710	55,635	45,656

The accompanying notes are an integral part of this statement.

FIDUCIARY FUNDS

To account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. These funds are classified as Expendable Trust Funds (Unemployment Compensation and Housing Finance), Pension Trust Funds and Agency Funds.

The **Unemployment Compensation Trust Fund** is used to account for the accumulation of resources to be used for benefit payments to unemployed former employees of the District and Federal governments and private employers in the District. Resources are contributed by private employers at rates fixed by law and by the District and Federal governments on a reimbursable basis. The Fund is administered by an Unemployment Compensation Board composed of the Mayor and four members appointed by the Mayor. The administrative costs of the Board are accounted for in the General Fund.

The **Housing Finance Trust Fund** is used to account for cash received from public and private sources to be used for increasing the supply and lowering the cost of money available for residential mortgages and construction loans in order to help alleviate the shortage of adequate housing. Mortgage lenders and the Fund make mortgage, construction and rehabilitation loans for single and multifamily rental and home ownership units designed to expand available housing opportunities, achieve neighborhood and fiscal stability, and effect residential economic diversity. The Fund is administered by a Housing Finance Agency Board of Directors comprised of five members appointed by the Mayor with the consent of the Council. The administrative costs of the Agency are accounted for in the Fund.

Pension Trust Funds are used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future for judges, police officers, fire fighters and public school teachers of the District. Resources are contributed by employees and by the District and Federal governments at amounts determined by an annual actuarial study and the Retirement Reform Act. The assets of the Funds may not be invested in obligations of the District and its component units or in real property in the District. The Funds are administered by an eleven member Retirement Board, three of whom are appointed by the Mayor, two by the Council and one each by active and retired police officers, fire fighters and teachers. The administrative costs of the Board are accounted for in the General Fund.

Agency Funds are used to account for compensation deferred by employees, refundable deposits required of various licensees, monies held in escrow and other assets held in custody by the District as an agent for individuals, private organizations, other governments or other funds.

Exhibit D-1

FIDUCIARY FUNDS
COMBINING BALANCE SHEET

September 30, 1985
 With Comparative Totals for September 30, 1984
 (\$000s)

	Trust		Agency	Totals		
	Expendable			Pension	1985	1984
	Unemployment Compensation	Housing Finance				
ASSETS						
Restricted Assets:						
Cash and investments	\$ 34,639	123,214	626,781	50,946	835,580	612,257
Due from Federal government (note 2)	70	—	575,847	—	575,917	614,529
Due from other funds (note 3)	739	—	13,910	—	14,649	14,190
Due from others (net of allowances for uncollectibles)	14,435	100,601	2,376	12,453	129,865	56,866
Total assets	\$ 49,883	223,815	1,218,914	63,399	1,556,011	1,297,842
LIABILITIES AND FUND BALANCES						
Long Term Liabilities:						
Advance from other funds (note 3)	\$ —	4,002	—	—	4,002	3,154
Liabilities Payable From Restricted Assets:						
Due to Federal government (note 2)	—	—	—	—	—	43,810
Due to others	2,390	219,419	19,313	63,399	304,521	177,096
Total restricted liabilities	2,390	219,419	19,313	63,399	304,521	220,906
Total liabilities	2,390	223,421	19,313	63,399	308,523	224,060
Commitments and Contingent Liabilities (Notes 11 and 12)						
Fund Balances:						
Reserved for net restricted assets	47,493	4,396	1,199,601	—	1,251,490	1,076,936
Unreserved (deficit)	—	(4,002)	—	—	(4,002)	(3,154)
Total fund balances	47,493	394	1,199,601	—	1,247,488	1,073,782
Total liabilities and fund balances	\$ 49,883	223,815	1,218,914	63,399	1,556,011	1,297,842

The accompanying notes are an integral part of this statement.

EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended September 30, 1985
With Comparative Totals for Year Ended September 30, 1984
(\$000s)

	Unemploy- ment Com- pensation	Housing Finance	Totals	
			1985	1984
Revenues:				
Benefit contributions	\$104,631	—	104,631	127,948
Miscellaneous	—	19,465	19,465	8,968
Total revenues	104,631	19,465	124,096	136,916
Expenditures:				
Current:				
Benefit payments	70,248	—	70,248	86,473
Miscellaneous	—	20,223	20,223	9,478
Total expenditures	70,248	20,223	90,471	95,951
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	34,383	(758)	33,625	40,965
Other Financing Sources:				
Operating transfers in:				
General Fund	—	835	835	1,187
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	34,383	77	34,460	42,152
Fund Balances (Deficit) at Beginning of Year	13,110	317	13,427	(28,725)
Fund Balances at End of Year	\$ 47,493	394	47,887	13,427

The accompanying notes are an integral part of this statement.

Exhibit D-3

PENSION TRUST FUNDS

COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCESYears Ended September 30, 1985 and 1984
(\$000s)

	1985	1984
Operating Revenues:		
Benefit contributions	\$ 189,732	198,535
Miscellaneous	119,673	38,103
Total operating revenues	309,405	236,638
Operating Expenses:		
Benefit payments	167,946	161,153
INCOME BEFORE OPERATING TRANSFERS	141,459	75,485
Operating transfers in (out):		
General Fund	(2,213)	(1,795)
NET INCOME	139,246	73,690
Fund Balances at Beginning of Year	1,060,355	986,665
Fund Balances at End of Year	\$1,199,601	1,060,355

The accompanying notes are an integral part of this statement.

PENSION TRUST FUNDS
COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended September 30, 1985 and 1984
(\$000s)

	1985	1984
Sources of Cash:		
Operations:		
Income before operating transfers	\$141,459	75,485
Increase (decrease) in restricted liabilities:		
Due to others	4,717	625
Decrease (increase) in restricted assets:		
Due from Federal government	14,397	13,456
Due from other funds	141	(1,437)
Due from others	(41)	(156)
Total sources of cash	<u>160,673</u>	<u>87,973</u>
Uses of Cash:		
Operating transfers out	<u>2,213</u>	<u>1,795</u>
INCREASE IN CASH AND INVESTMENTS	158,460	86,178
Cash and Investments at Beginning of Year	<u>468,321</u>	<u>382,143</u>
Cash and Investments at End of Year	<u>\$626,781</u>	<u>468,321</u>

The accompanying notes are an integral part of this statement.

Exhibit D-5

AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended September 30, 1985
(\$000s)

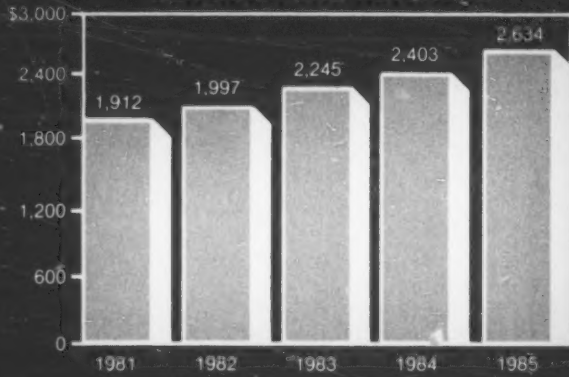
	Balance October 1, 1984	Additions	Deductions	Balance September 30, 1985
ASSETS				
Restricted Assets:				
Cash and investments	\$48,844	40,463	38,361	50,946
Due from others	<u>12,099</u>	<u>58,201</u>	<u>57,847</u>	<u>12,453</u>
Total assets	<u>\$60,943</u>	<u>98,664</u>	<u>96,208</u>	<u>63,399</u>
LIABILITIES				
Liabilities Payable From Restricted Assets:				
Due to others	<u>\$60,943</u>	<u>36,785</u>	<u>34,329</u>	<u>63,399</u>
Total liabilities	<u>\$60,943</u>	<u>36,785</u>	<u>34,329</u>	<u>63,399</u>

The accompanying notes are an integral part of this statement.

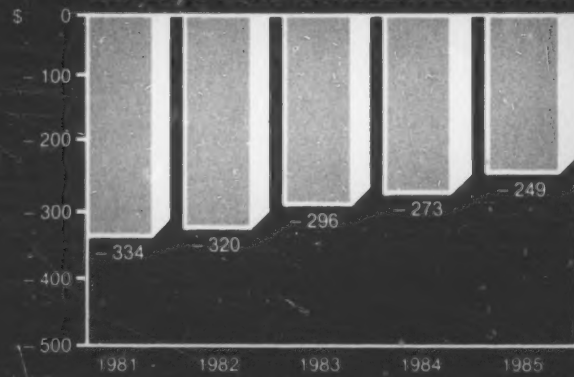
Statistical Section

(In millions of dollars)

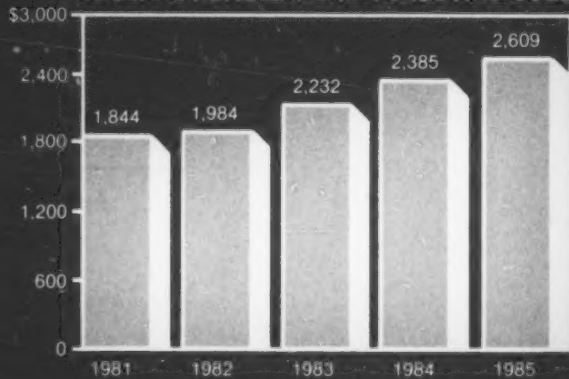
GENERAL FUND REVENUES



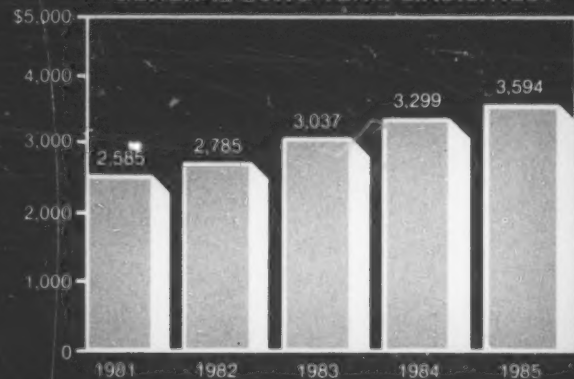
GENERAL FUND UNRESERVED DEFICIT



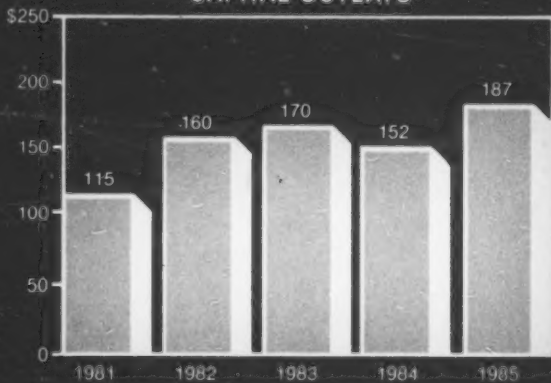
GENERAL FUND EXPENDITURES AND USES



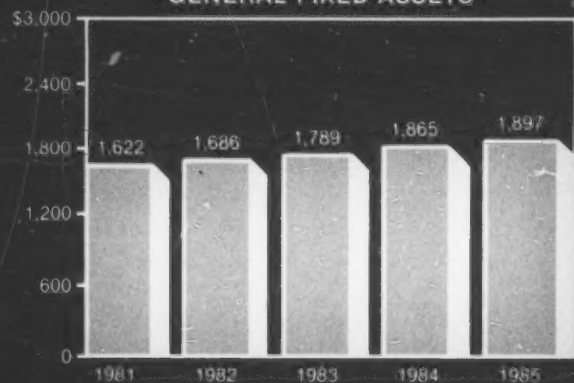
GENERAL LONG TERM LIABILITIES



CAPITAL OUTLAYS



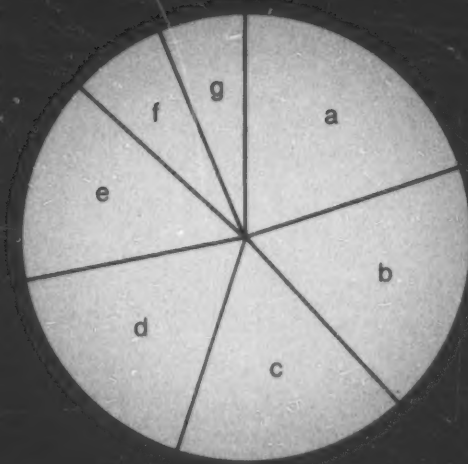
GENERAL FIXED ASSETS



■ This section contains tables which differ from financial statements because they usually cover more than two fiscal years and may present nonaccounting data. Statistical tables reflect social and economic data, financial trends and the fiscal capacity of the District.

Operating Ratios

GENERAL FUND FOR 1985

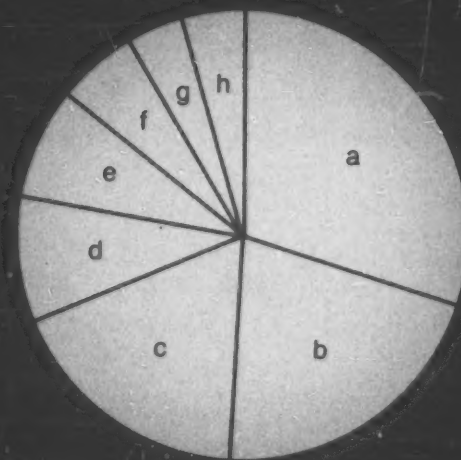


REVENUE DOLLAR BY SOURCE
Where the money came from

a. Income and franchise taxes	\$.20
b. Payment in lieu of taxes	.18
c. Grants and entitlements	.17
d. Property taxes	.17
e. Sales and use taxes	.15
f. Other	.07
g. Other taxes	.06
	<u>\$1.00</u>

EXPENDITURE DOLLAR BY FUNCTION
Where the money was spent

a. Human support services	\$.30
b. Public safety and justice	.21
c. Public education system	.18
d. Public works	.09
e. Economic development and regulation	.08
f. Debt service (net)	.06
g. Governmental direction and support	.04
h. Operating transfers (net)	.04
	<u>\$1.00</u>



EXPENDITURE DOLLAR BY OBJECT
What the money was spent on

a. Salaries and wages	\$.41
b. Other	.17
c. Public assistance	.16
d. Contractual services	.07
e. Interest debt service	.05
f. Occupancy	.04
g. Operating transfers (net)	.04
h. Employee benefits (current)	.03
i. Supplies	.02
j. Principal debt service (net)	.01
	<u>\$1.00</u>

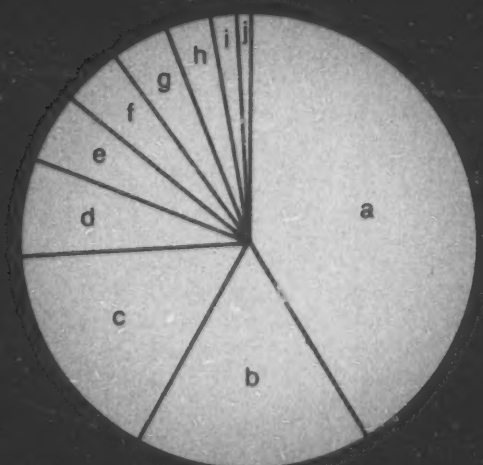


Exhibit S-1

GENERAL FUND REVENUES BY SOURCE

Last Ten Fiscal Years
(\$000s)

Fiscal Year (1)	Taxes	Licenses and Permits	Fines and Forfeits	Charges for Services	Miscellaneous	Total District Revenues	Intergovernmental	Total (Exhibit A-2)
1976	\$ 600,708	23,352	12,219	13,772	1,824	651,875	275,604	927,479
Transition Quarter (2)								
1977	193,380	2,557	3,137	4,365	252	203,691	72,800	276,491
1978	714,022	29,848	12,725	17,537	10,297	784,429	304,447	1,088,876
1979	820,482	27,287	14,096	23,769	16,724	902,358	312,745	1,215,103
1980	799,014	29,224	16,281	23,545	18,200	886,264	672,567	1,558,831
1981	928,412	30,496	22,871	10,794	49,578	1,042,151	689,479	1,731,630
1982	1,078,830	29,245	23,478	73,418	28,944	1,233,915	678,404	1,912,319
1983	1,173,725	29,661	22,124	68,491	18,033	1,312,034	684,590	1,996,624
1984	1,295,927	29,728	22,658	122,239	20,465	1,491,017	753,730	2,244,747
1985	1,398,812	30,338	23,343	115,556	21,402	1,589,451	813,544	2,402,995
1986	1,536,027	31,460	29,214	97,576	29,976	1,724,253	909,693	2,633,946

Notes:

(1) The amounts shown before 1979 were on the cash basis of accounting. The amounts shown for 1979 and thereafter were on the modified accrual basis of accounting.

(2) The fiscal year changed from June 30 to September 30 in 1976.

Exhibit S-2

GENERAL FUND EXPENDITURES AND USES BY FUNCTION

Last Ten Fiscal Years
(\$000s)

Fiscal Year (1)	Governmental Direction	Economic Development	Public Safety	Public Education	Human Services	Public Works	Future Employee Benefits	Debt Service	Financing Uses (Sources)	Total (Exhibit A-2)
1976	\$42,066	13,856	249,107	251,836	291,440	118,692	—	63,376	3,185	1,033,558
Transition Quarter (2)										
1977	13,599	3,589	63,847	47,644	83,118	31,674	—	—	(1,083)	242,388
1978	49,447	14,445	267,837	276,962	305,810	119,958	—	80,839	1,777	1,117,075
1979	57,553	15,560	286,623	297,769	331,953	129,923	—	126,142	18,669	1,264,192
1980	64,888	91,106	310,787	317,329	532,587	118,985	—	113,359	9,435	1,558,476
1981	71,716	104,089	433,473	410,738	605,820	150,704	(156,057)	114,169	102,004	1,836,656
1982	75,509	96,807	450,526	397,944	645,192	153,868	(210,986)	123,772	111,387	1,844,019
1983	63,509	92,250	487,119	417,778	605,205	172,628	(101,181)	137,787	108,468	1,983,563
1984	55,196	118,315	562,178	448,763	718,348	250,227	(165,259)	153,217	90,876	2,231,861
1985	110,220	155,942	620,122	469,719	753,518	219,658	(204,517)	164,104	96,769	2,385,535
1986	120,473	198,209	685,091	490,561	776,318	231,503	(156,987)	429,378	(165,526)	2,609,020

Notes:

(1) The amounts shown before 1979 were on the cash basis of accounting. The amounts shown for 1979 and thereafter were on the modified accrual basis of accounting.

(2) The fiscal year changed from June 30 to September 30 in 1976.

Exhibit S-3

PERCENT OF FEDERAL PAYMENT TO REVENUES AND EXPENDITURES

Last Ten Fiscal Years
(\$000s)

Fiscal Year	Federal Payment (Exhibit S-16)	District Revenues (Exhibit S-1)	Current Expenditures (1) (Exhibit S-2)	Percent of Federal Payment to	
				District Revenues	Current Expenditures
1976	\$248,948	651,875	966,997	38.2	25.7
Transition Quarter (2)	67,560	203,691	243,471	33.2	27.8
1977	276,650	784,429	1,034,459	35.3	26.7
1978	276,000	902,358	1,119,381	30.6	24.7
1979	262,465	886,264	1,435,682	29.6	18.3
1980	276,500	1,042,151	1,620,483	26.5	17.1
1981	304,684	1,233,915	1,608,860	24.7	18.9
1982	336,600	1,312,034	1,737,308	25.7	19.4
1983	364,143	1,491,107	1,987,768	24.4	18.3
1984	417,222	1,589,451	2,124,662	26.3	19.6
1985	471,353	1,724,253	2,345,168	27.3	20.1

Notes:

(1) Total expenditures less debt service and financing uses (sources).

(2) The fiscal year changed from June 30 to September 30 in 1976.

Exhibit S-4

MAJOR TAX RATES

Last Ten Fiscal Years

Fiscal Year	Property (1)				Personal	General	Sales and Use			Income (5)		Receipts (6)
	Real		Hotels	Other			Selective			Indi- vidual	Business	Public Utility
	Residential						Alcoholic					
	Owner- Occupied	Tenant- Occupied						Beer (3)	Spirits (4)			
1976	\$1.83	1.83	1.83	1.83	2.40	.05	2.25	2.00	.100	.02-.11	.099	.060
1977					2.82							
1978	1.54	1.54						1.50				
1979												
1980	1.22		2.13	2.13	3.10	.06			.110			
1981									.130			
1982									.140			
1983									.148			
1984									.155			.067
1985			1.82	2.03							.105	

Notes:

(1) Per \$100 of assessed value. (2) Per \$1 of sales. (3) Per barrel. (4) Per gallon. (5) Per \$1 of taxable income. (6) Per \$1 of gross receipts.

Exhibit S-5

REAL PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Tax Years
(\$000s)

Property Tax Year (1)	Tax Levy (2)	Tax Collections			Percent of Collections to Levy		Delinquent Taxes	
		Current (3)	Delinquent	Total	Current	Total	Outstanding	Percent to Levy
1976	\$135,995	131,833	4,195	136,028	96.9	100.0	\$ 6,630	4.9
1977	149,886	147,508	4,745	152,253	98.4	101.6	5,298	3.5
1978	156,108	150,471	6,206	156,677	96.4	100.4	4,022	2.6
1979	171,703	168,755	2,442	171,197	98.3	99.7	3,271	1.9
1980	184,715	180,962	2,695	183,657	98.0	99.4	8,537	4.6
1981	230,367	224,573	3,900	228,473	97.5	99.2	10,950	4.8
1982	281,137	274,898	4,217	279,115	97.8	99.3	8,856	3.2
1983	334,667	326,252	6,353	332,605	97.5	99.4	10,271	3.1
1984	346,839	340,990	5,249	346,239	98.3	99.8	12,903	3.7
1985	392,635	383,763	5,237	389,000	97.7	99.1	14,809	3.8

Notes:

- (1) Property tax year is from July 1 to June 30.
- (2) This column reflects the original tax levies for the years indicated and excludes later increases or decreases resulting primarily from audits and judgments.
- (3) This column includes overcollections which must be refunded, but excludes collections of penalties and interest.

Exhibit S-6

DISTRIBUTION OF INDIVIDUAL INCOME TAXES

Years Ended December 31, 1984 and 1983

Income Levels	1984			1983		
	Percent of Total Taxes Collected	Number of Taxpayers	Percent of Taxpayers	Percent of Total Taxes Collected	Number of Taxpayers	Percent of Taxpayers
Under \$5,000	0.4	32,052	10.9	0.5	33,490	11.5
\$ 5,000 to 9,999	3.2	53,202	18.1	3.6	55,785	19.2
\$10,000 to 14,999	7.7	55,709	19.0	8.8	57,585	19.8
\$15,000 to 24,999	22.2	79,531	27.1	23.4	77,377	26.7
\$25,000 to 49,999	37.6	57,975	19.8	35.4	52,495	18.1
\$50,000 to 99,999	17.7	12,464	4.2	16.3	10,955	3.8
Over \$100,000	11.2	2,655	0.9	12.0	2,537	0.9
Total	100.0	293,588	100.0	100.0	290,224	100.0

Exhibit S-7

ASSESSED VALUE, CONSTRUCTION AND BANK DEPOSITS

Last Nine Fiscal Years
(\$000s)

Fiscal Year (3)	Commercial Construction		Residential Construction		Bank Deposits (1)	Assessed Value of Property (2)			
	Number of Units	Value	Number of Units	Value		Commercial	Residential	Total Taxable	Nontaxable
1977	43	\$ 78,116	2,264	\$48,007	4,165,801	3,155,000	5,034,000	8,189,000	9,461,000
1978	37	73,208	2,374	52,884	4,650,993	3,300,000	5,825,000	9,125,000	9,936,000
1979	57	190,462	1,871	60,190	5,092,065	3,815,000	6,823,000	10,638,000	10,601,000
1980	72	163,760	2,763	92,430	5,284,407	4,216,000	7,378,000	11,594,000	13,154,000
1981	56	180,747	1,172	30,002	5,781,615	4,981,000	8,984,000	13,965,000	13,407,000
1982	52	328,093	441	15,920	6,117,083	6,505,200	11,494,800	18,000,000	14,954,000
1983	93	497,614	508	38,072	7,329,039	8,038,700	12,055,300	20,094,000	20,062,000
1984	183	639,670	475	25,725	8,091,000	8,865,100	11,859,000	20,724,100	20,531,000
1985	153	304,925	628	30,031	9,059,000	11,321,600	12,124,600	23,446,200	22,152,700

Source: (1) FDIC Summary of Deposits in all commercial banks as of June 30.

(2) Assessed value is 100 percent of estimated actual value.

(3) Data are not available before 1977.

Exhibit S-8

TEN HIGHEST ASSESSED VALUES FOR TAX EXEMPT PROPERTIES

June 30, 1985

Property (1)	Value
George Washington University and Medical Center	\$353,451,813
Howard University and Hospital	229,132,170
Washington Hospital Center	186,475,883
Georgetown University and Hospital	179,887,487
Catholic University of America	101,696,478
National Cathedral	96,327,551
National Geographic Society	87,388,000
American University	75,185,610
Organization of American States	71,339,600
National Academy of Sciences, Inc.	67,044,800

Note:

(1) Excludes Federal government property.

Exhibit S-9

TEN HIGHEST ASSESSED VALUES FOR COMMERCIAL PROPERTIES

June 30, 1985

Squares	Lots	Building	Land	Improvements	Total
254	832	National Place	\$57,343,425	87,889,075	145,232,500
106	49	International Square	76,188,960	42,178,040	118,367,000
2132	32	Washington Sheraton Corp.	16,855,512	83,779,888	100,635,400
163	55	Washington Square	48,450,750	50,369,950	98,820,700
252	82	1300 New York Ave., N.W.	37,907,000	56,042,500	93,949,500
2535	828	Washington Hilton Hotel	26,825,218	54,724,782	81,550,000
8	807, 808, 811	Watergate	25,265,991	53,533,130	78,799,121
493	805 to 808	Federal Plaza	25,621,788	51,774,434	77,396,222
387, 435	61, 187	L'Enfant Plaza	29,161,781	35,988,819	65,150,600
162	99	Mayflower Hotel	36,566,996	28,274,704	64,841,700

Exhibit S-10

TEN HIGHEST ASSESSED VALUES FOR RESIDENTIAL PROPERTIES

June 30, 1985

Squares	Lots	Location	Land	Improvements	Total
1320	808 to 811 814, 818, 823, 833, 839, 834, 856, 858, 862 to 895 948 to 961 963 to 976	3905 Reservoir Road, N.W.	\$9,134,158	2,760,242	11,894,400
1467	824 to 825, 827	50th and Massachusetts Avenue, N.W.	5,531,414	—	5,531,414
1346	3, 4, 801 to 803	1801 Foxhall Road, N.W.	5,206,239	123,582	5,329,821
1285	802 to 806 811, 812	1623 28th Street, N.W.	2,235, 642	2,991,477	5,227,119
1341	856, 858, 859, 861	2209 Foxhall Road, N.W.	3,065,117	665,372	3,730,489
1346	816, 817	2101 Foxhall Road, N.W.	3,277,310	152,744	3,430,054
1341	857	2401 Foxhall Road, N.W.	1,889,879	705,556	2,595,435
1284	807	1617 29th Street, N.W.	1,003,308	1,279,748	2,283,056
2147	47, 48, 807, 812	3055 Whitehaven Street, N.W.	851,444	1,148,864	2,000,308
1209	889	3014 N Street, N.W.	606,617	1,393,383	2,000,000

Exhibit S-11

COMPUTATION OF LEGAL DEBT LIMITATION

Last Two Fiscal Years
(\$000s)

	1985	1984
Revenues:		
General Fund:		
District revenues (Exhibit S-1)	\$1,724,253	1,589,451
Payment in lieu of taxes (Exhibit S-16)	471,353	417,222
Water and Sewer Fund (Exhibit C-2)	144,521	117,788
	<u>2,340,127</u>	<u>2,124,461</u>
Less: court fees (Exhibit A-3)	4,353	3,924
Total revenues	<u>\$2,335,774</u>	<u>2,120,537</u>
Principal and Interest:		
General Fund:		
Principal retired (Exhibit S-13)	\$ 30,089	27,852
Interest (Exhibit S-13)	145,842	136,252
Water and Sewer Fund:		
Principal retired (note 6A)	4,187	3,840
Interest expense (Exhibit C-2)	20,165	15,907
Interest capitalized (note 5B)	4,007	4,148
Total principal and interest	<u>\$ 204,290</u>	<u>187,999</u>
Percent of Principal and Interest to Revenues (1)	<u>8.8</u>	<u>8.9</u>

Note:

(1) Under the District of Columbia Self-Government and Governmental Reorganization Act, no long term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long term general obligation debt to exceed 14 percent of the revenues of the fiscal year in which the debt is issued.

Exhibit S-12

PERCENT OF DEBT TO ASSESSED VALUE AND DEBT PER CAPITA

Last Ten Fiscal Years
(\$000s)

Fiscal Year	Population (Exhibit S-14)	General Obligation Debt (Note 6A)			Assessed Value (Exhibit S-7)	Percent of Debt to Assessed Value	Debt per Capita (1)
		Enterprise	General	Total			
1976	700,000	\$ —	1,086,927	1,086,927	7,400,000	14.7	\$1,553
1977	685,000	—	1,139,539	1,139,539	8,189,000	13.9	1,664
1978	674,000	—	1,204,431	1,204,431	9,125,000	13.2	1,787
1979	656,000	154,628	1,246,642	1,401,270	10,638,000	13.2	2,136
1980	638,333	159,880	1,307,013	1,466,893	11,594,000	12.6	2,298
1981	632,000	170,017	1,403,744	1,573,761	13,965,000	11.3	2,490
1982	626,000	187,175	1,502,825	1,690,000	18,000,000	9.4	2,700
1983	623,000	235,069	1,589,485	1,824,554	20,094,000	9.1	2,929
1984	623,000	261,229	1,646,633	1,907,862	20,724,100	9.2	3,062
1985	626,000	278,224	1,781,265	2,059,489	23,446,200	8.8	3,290

Note:

(1) There is no revenue, special assessment or overlapping debt.

Exhibit S-13

PERCENT OF DEBT SERVICE TO GENERAL FUND EXPENDITURES

Last Ten Fiscal Years
(\$000s)

Fiscal Year	Debt Service (Exhibit A-2)					General Fund Expenditures (Exhibit S-2)	Percent of Debt Service to General Fund Expenditures
	Principal Retired	Principal Refunded	Interest	Fiscal Charges	Total		
1976	\$11,605	—	51,771	—	63,376	1,033,558	6.1
Transition Quarter (1)	—	—	—	—	—	242,388	—
1977	13,029	—	67,810	—	80,839	1,117,075	7.2
1978	23,410	—	102,734	—	126,144	1,264,192	10.0
1979	18,593	—	94,766	—	113,359	1,558,476	7.3
1980	21,643	—	92,526	—	114,169	1,836,656	6.2
1981	22,729	—	101,043	—	123,772	1,844,019	6.7
1982	25,419	—	112,368	—	137,787	1,983,563	6.9
1983	26,340	—	126,877	—	153,217	2,231,861	6.9
1984	27,852	—	136,252	—	164,104	2,385,535	6.9
1985	30,089	243,029	145,842	10,418	429,378	2,609,020	16.5

Note:

(1) The fiscal year changed from June 30 to September 30 in 1976.

Exhibit S-14

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (1)	Median Age (2)	Per Capita Income (3)
1976	700,000	28.9	\$ 8,044
1977	685,000	29.4	8,827
1978	674,000	30.0	9,589
1979	656,000	31.5	10,764
1980	638,000	31.0	12,210
1981	632,000	30.1	13,585
1982	626,000	30.6	14,562
1983	623,000	30.9	15,545
1984	623,000	31.4	17,113
1985	626,000	(4)	(4)

Source: (1) Federal Bureau of the Census.

(2) Office of Planning.

(3) Bureau of Economic Analysis, Federal Department of Commerce.

(4) Not available.

Exhibit S-15

GOVERNMENTAL AND EXPENDABLE TRUST FUNDS
SUMMARY OF CHANGES IN CASH AND INVESTMENTS

Years Ended September 30, 1985 and 1984
(\$000s)

	Governmental Fund Types		Fiduciary Fund Type	Totals	
	General	Capital Projects	Expendable Trust	1985	1984
Sources of Cash:					
Operations:					
Excess (deficiency) of revenues					
over (under) expenditures	\$(140,600)	(133,532)	33,625	(240,507)	49,662
Items benefiting prior or future years -					
Capital outlays	—	186,884	—	186,884	151,755
Debt service principal	273,118	—	—	273,118	27,852
Working capital provided	132,518	53,352	33,625	219,495	229,269
Increase (decrease) in current/restricted liabilities:					
Accounts payable	26,376	(8,729)	—	17,647	(40,330)
Compensation liabilities	15,243	—	—	15,243	(18,544)
Due to Federal government	(26,903)	—	(43,810)	(70,713)	(12,654)
Due to other funds	459	—	—	459	(449)
Accrued liabilities	3,437	—	—	3,437	50,336
Deferred revenues	4,963	1,245	—	6,208	8,520
Other current liabilities	4,823	—	—	4,823	(18,044)
Due to others	—	—	120,252	120,252	81,422
Decrease (increase) in current/restricted assets:					
Receivables	(2,466)	—	—	(2,466)	18,163
Due from Federal government	978	11,838	24,215	37,031	(16,398)
Due from other funds	(4,308)	—	(600)	(4,908)	(5,099)
Inventory	(1,844)	1,552	—	(292)	629
Other current assets	2,048	118	—	2,166	(2,426)
Due from others	—	—	(72,604)	(72,604)	(12,903)
Cash provided	155,324	59,376	61,078	275,778	261,492
Other sources of cash:					
Proceeds of long term liabilities	258,933	148,817	848	408,598	86,042
Operating transfers in	37,682	14,082	835	52,599	39,995
Total sources of cash	451,939	222,275	62,761	736,975	387,529
Uses of Cash:					
Acquisition of long term assets	848	—	—	848	1,042
Acquisition of fixed assets	—	186,884	—	186,884	151,755
Payment of long term liabilities	273,118	—	—	273,118	27,852
Operating transfers out	131,089	—	—	131,089	123,842
Total uses of cash	405,055	186,884	—	591,939	304,491
INCREASE (DECREASE) IN CASH AND INVESTMENTS	46,884	35,391	62,761	145,036	83,038
Cash and Investments at Beginning of Year	46,804	56,476	95,092	198,372	115,334
Cash and Investments at End of Year	\$ 93,688	91,867	157,853	343,408	198,372

GOVERNMENTAL, EXPENDABLE TRUST AND PROPRIETARY FUNDS

SUMMARY OF FINANCIAL ACTIVITY

Years Ended September 30, 1985 and 1984
(\$000s)

	1985				1984		Difference	
	Gross Cost	Related Resources District	Federal	Net Cost	% of Revenue	Net Cost	% of Revenue	Better or (Worse) Amount %
General Revenues:								
Sovereign:								
Taxes	\$1,536,027	—	—	1,536,027	72.6	\$1,398,812	73.3	\$ 137,215 9.8
Licenses and permits	31,460	—	—	31,460	1.5	30,338	1.6	1,122 3.7
Fines and forfeits	29,214	—	—	29,214	1.4	23,343	1.2	5,871 25.2
Miscellaneous:								
Interest	21,081	—	—	21,081	1.0	11,008	0.6	10,073 91.5
Other	7,997	—	—	7,997	0.4	10,394	0.5	(2,397) (23.1)
Intergovernmental (unrestricted):								
Payment in lieu of taxes	—	471,353	—	471,353	22.3	417,222	21.9	54,131 13.0
Revenue sharing entitlements	—	17,525	—	17,525	0.8	17,932	0.9	(407) (2.3)
Total general revenues	1,625,779	488,878	—	2,114,657	100.0	1,909,049	100.0	205,608 10.8
Cost of Services:								
Governmental:								
Direction and interest	\$ 274,520	2,869	32	271,619	12.8	243,693	12.8	(27,926) (11.5)
Economic development	218,432	52,272	95,797	70,363	3.3	78,049	4.1	7,686 9.8
Public safety and justice	685,091	10,751	2,225	672,115	31.8	607,895	31.8	(64,220) (10.6)
Education and libraries	490,561	2,938	40,402	447,221	21.2	428,113	22.4	(19,108) (4.5)
Human services and recreation	846,566	110,756	280,504	455,306	21.5	400,621	21.0	(54,685) (13.7)
Public works	231,503	42,984	1,855	186,664	8.8	170,354	8.9	(16,310) (9.6)
Proprietary:								
Water and sewer	142,682	144,521	—	(1,839)	(0.1)	6,226	0.3	8,065 129.5
General hospital	94,751	51,082	—	43,669	2.1	42,777	2.2	(892) (2.1)
Starplex	4,842	5,103	—	(261)	—	(407)	—	(146) (35.9)
Convention center	12,581	4,964	—	7,617	0.4	7,572	0.4	(45) (0.6)
Lottery and games	13,283	48,756	—	(35,473)	(1.7)	(25,543)	(1.3)	9,930 38.9
University	88,056	11,733	5,678	70,645	3.3	66,415	3.5	(4,230) (6.4)
Net cost of services	3,102,868	488,729	426,493	2,187,646	103.4	2,025,765	106.1	(161,881) (8.0)
CURRENT INCOME (LOSS)	(3,102,868)	2,114,508	915,371	(72,989)	(3.4)	(116,716)	(6.1)	43,727 37.5
Cost of Investing (Financing):								
Long term assets	(30)	—	—	(30)	—	(4,323)	(0.2)	(4,293) 99.3
Fixed assets	223,314	148,817	53,352	21,145	1.0	143,961	7.5	122,816 85.3
Long term liabilities	313,532	324,110	—	(10,578)	(0.5)	(82,940)	(4.3)	(72,362) 87.2
Net cost of investing	536,816	472,927	53,352	10,537	0.5	56,688	3.0	46,161 81.4
FINANCIAL FLOW IN (OUT)	(3,639,684)	2,587,435	968,723	(83,526)	(3.9)	(173,414)	(9.1)	89,888 51.8
Reclassification to GAAP Basis:								
Future employee benefits	156,987	—	—	156,987	7.4	204,517	10.7	47,530 23.2
Depreciation	6,491	—	—	6,491	0.3	6,151	0.3	(340) (5.5)
Long term assets	(30)	—	—	(30)	—	(4,323)	(0.2)	(4,293) 99.3
Fixed assets	36,430	—	—	36,430	1.7	38,429	2.0	1,999 5.2
Long term liabilities	40,414	65,177	—	(24,763)	(1.1)	(25,792)	(1.3)	(1,029) (4.0)
Total reclassification	240,292	65,177	—	175,115	8.3	218,982	11.5	43,867 20.0
INCREASE (DECREASE) IN RETAINED CAPITAL	\$(3,399,392)	2,522,258	968,723	91,589	4.4	45,568	2.4	46,021 101.0
Retained Capital (Deficit) at Beginning of Year				(235,872)	(11.2)	(281,440)	(14.7)	45,568 16.2
Retained Capital (Deficit) at End of Year				\$(144,283)	(6.8)	\$(235,872)	(12.3)	\$ 91,589 38.8

Exhibit S-17

MISCELLANEOUS STATISTICS

September 30, 1985

Area (square miles):	
Federal and foreign governments	23.6
District government	2.4
Streets and alleys	15.2
Taxable base	20.7
Total area	61.9
Employees (authorized, permanent, full-time):	
Governmental direction	2,057
Economic development	874
Public safety and justice	9,856
Education and libraries	10,337
Human services and recreation	3,836
Public works	2,675
Total employees	29,635
Police Protection:	
Number of stations	13
Number of police officers	3,850
Crime index offenses	49,959
Fire Protection:	
Number of stations	33
Number of fire fighters	1,271
Transportation:	
Number of street lights	65,278
Number of traffic signalized intersections	1,278
Number of motor vehicle registrations (1/1-12/31)	370,285
Water:	
Number of consumers	116,941
Average daily consumption (in millions of gallons)	167
Miles of mains	1,286
Sewers:	
Miles of mains	1,800
Daily maximum capacity (in millions of gallons)	650
Economic:	
Taxable retail sales (in millions)	\$4,878
Unemployment claims accepted	38,258
Unemployment claims rejected	10,431
Unemployment rate	8.5%
Recreation:	
Number of centers and playgrounds	103
Number of day camps	7
Number of outdoor swimming pools	34
Number of indoor swimming pools	11
Libraries:	
Number of main and branch buildings	21
Number of community and kiosk facilities	5
Number of volumes	1,397,497
Education:	
Number of public schools	185
Number of public school teachers	5,758
Number of public school students	87,927
Education level (in years of formal schooling)	12.7
